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URGENT DEFICIENCY APPROPRIATION BILL, 1922

SUPPLEMENTAL HEARING

BEFORE

SUBCOMMITTEE OF HOUSE COMMITTEE ON APPROPRIATIONS

CONSISTING OF

MESSRS. MARTIN B. MADDEN (CHAIRMAN), JOSEPH G. CANNON, C. BASCOM SLEMP, PATRICK H. KELLEY, JOSEPH W. BYRNS, AND JAMES P. BUCHANAN

IN CHARGE OF THE

URGENT DEFICIENCY APPROPRIATION BILL FOR 1922

SIXTY-SEVENTH CONGRESS

FIRST SESSION

CONFERENCE ON LIMITATION OF ARMAMENT

DEPARTMENT OF JUSTICE

WASHINGTON
GOVERNMENT PRINTING OFFICE
1921

COMMITTEE ON APPROPRIATIONS.

House of Representatives.

SIXTY-SEVENTH CONGRESS, FIRST SESSION.

MARTIN B. MADDEN, Illinois, *Chairman.*

CHARLES R. DAVIS, Minnesota.
DANIEL R. ANTHONY, Jr., Kansas.
WILLIAM S. VARE, Pennsylvania.
JOSEPH G. CANNON, Illinois.
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JAMES P. BUCHANAN, Texas.
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ANTHONY J. GRIFFIN, New York.

Marcellus C. Sheild, *Clerk.*

URGENT DEFICIENCY APPROPRIATION BILL, 1922.

SUBCOMMITTEE OF COMMITTEE ON APPROPRIATIONS.
HOUSE OF REPRESENTATIVES,
Saturday, August 20, 1921.

STATE DEPARTMENT.

STATEMENT OF MR. HENRY P. FLETCHER, UNDERSECRETARY OF STATE.

FOR CONFERENCE ON LIMITATION OF ARMAMENT.

The CHAIRMAN. Mr. Fletcher, we find that the President sent to the Senate a request for $200,000 to be used by the State Department during the conference on the limitation of armament. We should like very much to have you tell us how the estimate of $200,000 is arrived at.

Mr. FLETCHER. I am very glad to have the opportunity, Mr. Chairman. I have prepared a statement of which you have a copy. You will see that at the top the secretariat general of the conference: Including secretary general, several assistant secretaries, etc., $31,810. The estimate is based on the duration of the conference for two months. If you will turn to page 2 you will see a detailed statement as to how this estimate is made up.

The CHAIRMAN. Yes, sir. The secretary general at $1,000 a month.

Mr. FLETCHER. Yes, sir.

The CHAIRMAN. One executive secretary at $500 a month?

Mr. FLETCHER. Yes, sir. The assistant secretaries are one for each delegation, provided there are five. This is merely a tentative estimate.

The CHAIRMAN. Do you think that the assistants should get $400 a month for that work?

Mr. FLETCHER. I think they probably should. We can not pick them up on the street. They will have to come here and live in Washington two months and find a hotel. Wherever I can save a dollar I intend to do it. I tried to make this estimate so that I would have sufficient funds to run the conference. I have not estimated very much for printing, for none of us can tell how much that will cost. I think I will have to come before the committee and ask that the bill be paid when it is rendered. I think that should be very frankly understood. I am going to spend the money with the utmost economy, because we all know that is what is expected.

The CHAIRMAN. Will you please make a comprehensive statement of just what you expect to do, Mr. Fletcher.

Mr. FLETCHER. The Government, as the host, will be expected to provide the conference with its personnel; that is, the secretary general, the assistant secretaries, and all of the officers, stenographers, translators, interpreters, and in some cases college professors, who will be able, when a man makes a speech in French, to translate it immediately into English, so that all of the members of the conference can understand it, typewriters, telephones, and offices. We hope to use temporary buildings wherever we can use the Government buildings with as little cost as possible. We hope to use the Pan-American Building, which will not cost any rent at all, for the main meetings, and to get the temporary buildings nearby for the offices not only of the secretariat general of the conference, but for our own American delegates also.

The CHAIRMAN. They will not cost anything.

Mr. FLETCHER. They will not cost anything. The Navy says it will cost a little bit to move out the men they have there. If we use the Navy Building it will be much better. I went over this item carefully with the President and Mr. Dawes at the White House before sending it to Mr. Dawes and it received their approval. That is not necessarily binding upon you gentlemen, but I want to show you the care with which the estimate has been prepared.

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As to the American delegation, we have to provide them with expert assistants which we have not in the State Department, because we are not sufficiently staffed. We have got to get men identified with the Far East, particularly because of the discussions of Far Eastern questions which will take place in connection with limitation of armament. The technical data of armament I suppose will be prepared by the Army and Navy; with that we will have very little to do in the first instance. As to the Far East, there is a great deal of work which has to be done so that our delegation will be in position to have the data they can refer to. In other words, as to this expert work, I can not at this time tell you how much it will cost. I have also estimated for statisticians, which we may not be able to get from the War or Navy Departments. That would mean that we would have to pay for them, the War and Navy Departments may say that they have not enough to assist us. I have allowed $71,930 for the expenses of the American delegation.

Then we come to stationery, telephones and travel. Official travel to cover expenses of sending an assistant over to meet them at the New York pier or arrange to have them met in San Francisco, see them through the customs and welcome them. I had first thought that Congress might wish to bring the visiting delegations in private cars. We found that was not practicable and that it would cost a great deal of money. That has been eliminated entirely. We have for stenographic reports and printing and binding, $10,000. I put that in mostly for printing, because I do not know what it is going to amount to.

The CHAIRMAN. The proceedings will all be printed?

Mr. FLETCHER. Yes, sir; in two languages, printed in French and English, which means just a double printing bill. That was done in the International Electrical Communications Conference which was held here last year. The European delegates, aside from the British, prefer it that way.

Special agents mean protection and looking after their safety, etc.

The information service is just to see if necessary that a publicity bureau is established so that the public may know at all times what is going on.

The automobile service has been put at $2,000, because we hope to be able to use the Army and Navy automobiles, or the Government automobiles. That $2,000 is mostly for gasolene or repairs or something like that. I do not know that that is going to be sufficient, but it shows the spirit with which we have gone into this thing.

As to entertainment in Washington I have estimated for one banquet, 400 people, ladies invited, to cost $4,500; one luncheon, 200 people, $1,500; one luncheon, 400 people, ladies invited, $2,500; two receptions, which of course, we want naturally to have, a congressional reception and that sort of thing, $5,000, the printing of the invitations, flowers, music, hauling, light, etc. That runs up to $20,000. I do not think that is a very extraordinary item for the entertainment of a conference of this character.

Then I estimate an emergency and contingency fund of $10,000. That makes a total of $197,240. I put in round numbers $200,000 so that we would be on the safe side. I should like to have it fully understood, as I said before, that I do not propose to spend the money for the particular items, it was only to arrive at some estimate of what it might cost us. The figures for Paris conference were very high: it cost the Army alone about $500,000 a month, I'm told.

The CHAIRMAN. We do not provide quarters for any of these people?

Mr. FLETCHER. No, sir; they come here——

The CHAIRMAN. And pay all their own railroad transportation?

Mr. FLETCHER. Yes, sir.

Mr. BUCHANAN. Have you taken up this matter with the hotels? I understand that some nations will bring a thousand people.

Mr. FLETCHER. I think the delegations will run from 150 to 200 with their experts.

Mr. BUCHANAN. The hotel and apartment-house people in this city may charge very high prices and cause a bad impression all over the world.

Mr. FLETCHER. I have already taken that up with the head of the real estate board and made that plain to them. They say they are perfectly willing to cooperate and that they will take it up with their members.

The CHAIRMAN. Has anything been done toward taking up that matter with the hotel people?

Mr. FLETCHER. Yes, sir; that is on the way.

The CHAIRMAN. Has there been any endeavor to provide quarters?

Mr. FLETCHER. No, sir; we have not assumed that responsibility. If we can assist them in securing houses or hotel accommodations or what not, then the staff of the department will look out for that and will go with them, and if there is an attempt to charge exhorbitant prices, we will use our good offices.

The CHAIRMAN. Their own embassies, I presume, will look after their accommodations?

Mr. FLETCHER. Yes, sir; that was the way it was done in Paris.

The CHAIRMAN. Is there any item for the promotion of newspaper publicity?

Mr. FLETCHER. Nothing more than the $10,000. I do not know how you gentlemen feel whether that is a proper charge but they usually have some machinery whereby the people may be informed.

The CHAIRMAN. Your whole idea is that we should have machinery by which we can secure publicity in the foreign press.

Mr. FLETCHER. If necessary to arrange that, yes. We have allowed very little, but I think we can do it. I hope that we will be able to look after the foreign correspondents who come here in a nice way. I have already taken that up with the various press associations and the Press Club of Washington, so that we can make those men feel that they are also an important part of the conference.

The CHAIRMAN. A great deal will depend on how favorably our attitude is shown in the foreign press.

Mr. FLETCHER. Exactly. I do not propose to have any propaganda in other countries. I think that always has a bad effect but simply in case of necessity to get out a statement of the attitude of America on a particular question, if it was causing strain or attracting attention in the public press.

The CHAIRMAN. I think it might be well to put this statement in the record.

Mr. FLETCHER. Certainly.

The statement referred to by the chairman follows:

Minimum budget for the conference on the limitation of armament and the Far East for two months' period.

1. Secretariat general of the conference, including secretary general, his several assisting secretaries, office force, interpreters, translators, and messengers	$31,810
2. American delegation. American conferees, advisory delegates, secretaries, stenographers, statisticians, clerical force, translators, interpreter, and messengers	71,930
3. Miscellaneous, including stationery, supplies, equipment for secretariat general and also American delegation, telephone, telegraph, cables, stenographic, mimeograph and photostat services, light, labor, and hauling	41,500
4. Special agents, protection of visiting delegates	10,000
5. Information service, staff and maintenance	10,000
6. Automobile service, miscellaneous	2,000
7. Entertainment in Washington, extending over two months' period during which conference may be in session, including one large banquet, two luncheons, two receptions, miscellaneous	20,000
8. Emergency and contingency fund	10,000
	197,240

Mr. BYRNS. You said something about $400 a month. Was that for the members?

Mr. FLETCHER. No; for the men who come down to assist as secretaries. A man has to be able to speak French and be familiar with work of this character. He must be a man who has special qualifications. It will only be two months, and you can not get men to pull up stakes for less than a little more than they at present receive.

The CHAIRMAN. You have to pay the Representatives of the President not in official life?

Mr. FLETCHER. I have estimated for that under the item of expenses. I did not know what we would do. I just put it in that way.

Mr. BYRNS. That was the point of my inquiry, the commissioners in official life?

Mr. FLETCHER. They will receive no salary, I suppose.

Mr. BYRNS. The secretaries and employees who are now employed by the Government, it is not expected to pay them any salaries or any additional salaries for services rendered?

Mr. FLETCHER. No, sir. I have only allowed for the secretaries of our conferees $250 a month. That is, if Mr. Lodge was there, his secretary will get $250 a month.

The CHAIRMAN. He would not be able to use his own secretary?

Mr. FLETCHER. He might.

Mr. BYRNS. There is nothing in the way of paying the expenses of the commissioners here in Washington?

Mr. HARRIS. As you will understand, this is business of the United Stated courts, and it depends largely upon the processes issued by the courts and the number of deputies necessary. We hold it down to the minimum. At the time of making these estimates, we were not able to ascertain definitely what the business of the courts would be, and this is what we will require in the way of an additional appropriation to keep up that end of the business.

The CHAIRMAN. It depends upon the volume of business done by the courts?

Mr. HARRIS. Yes, sir. This is due entirely to the volume of business done by the courts.

Mr. KENNARD. I would like to make one illustration of the matter that Mr. Harris speaks of, although it is a matter of minor importance, comparatively: Ordinarily the expenses under this appropriation in the eastern district of Louisiana, for instance, are about $18,000 a year, but they were $23,000 for the first quarter of this year alone, and for the whole of this year they will be between $45,000 and $50,000. This is due to the fact that there was a general strike of railroad employees in which the Federal Government became involved, and it became necessary for the marshal to appoint from 50 to 100 special deputies to enforce the orders of the court.

Mr. HARRIS. The railroad was in the hands of a receiver.

The CHAIRMAN. Was that due to the enforcement of the prohibition act?

Mr. KENNARD. Not in this case; no, sir.

Mr. HARRIS. That was because the railroad company was in the hands of a receiver, and the court's orders had to be enforced. That required the appointment of the additional special deputies.

Mr. BYRNS. As I understand it, your ascertained deficiency in this item is $67,000?

Mr. KENNARD. Yes, sir.

The CHAIRMAN. If we gave you the amount of the ascertained deficiency, would not that be sufficient?

Mr. HARRIS. No, sir; because we have requisitions coming in. There are requisitions that are not yet in, and we will want, in order to close up the business, $5,000 additional, and that amount for that purpose is not much. We will require that amount in order to close up the business and make prompt payments. We have a great many complaints from parties because bills are not promptly paid.

Mr. KELLEY. You would probably have to come back for more?

Mr. HARRIS. Yes, sir.

Mr. KELLEY. It is probable that some of those bills will be coming in for the next two or three months?

Mr. HARRIS. Yes, sir; for the next six months.

Mr. KELLEY. Of course, the normal expenses will come in every month?

Mr. HARRIS. Yes, sir.

Mr. KELLEY. But where you have expense for storage, or for destroying some sort of property, these bills might not reach you for some little time?

Mr. HARRIS. That is true.

The CHAIRMAN. Is any part of this due to an increase in the number of permanent appointments to deputy marshalships in the offices of any marshals during the year?

Mr. KENNARD. Of course, the enormous increase of court business has necessitated the employment of additional deputies to care for it.

The CHAIRMAN. Are there temporary appointees or permanent appointees?

Mr. KENNARD. Some of them are temporary and some are permanently appointed. The number of deputies at the opening of the year for which this appropriation was made was 731 and the number at the close of the year is 760.

The CHAIRMAN. Twenty-nine additional ones were appointed?

Mr. KENNARD. Yes, sir.

Mr. HARRIS. Sometimes the appointments are temporary and sometimes they are permanent.

FOR SALARIES AND EXPENSES OF UNITED STATES DISTRICT ATTORNEYS AND THEIR REGULAR ASSISTANTS.

The CHAIRMAN. The next item is for salaries of United States district attorneys and expenses of United States district attorneys and their regular assistants. The appropriation for that purpose was $860,000 and you are asking for a deficiency appropriation of $29,000. How does that come about?

Mr. KENNARD. That, like most of the deficiencies in the court funds, is incident to the increase of the court business.

The CHAIRMAN. You have no way of controlling that, have you?

Mr. KENNARD. Part of it is in a measure under our control, and a part of it is not. The expenses for travel and subsistence which are paid out of this fund are specifically provided for at rates fixed by law.

DEPARTMENT OF JUSTICE.

STATEMENTS OF MR. RUSH L. HOLLAND, ASSISTANT ATTORNEY GENERAL; MR. CHARLES E. STEWART, CHIEF CLERK AND ADMINISTRATIVE ASSISTANT; MR. JOHN D. HARRIS, CHIEF DIVISION OF ACCOUNTS; MR. EDWARD M. KENNARD, ADMINISTRATIVE ACCOUNTANT; AND MR. S. KEY, ASSISTANT SUPERINTENDENT OF PRISONS.

CONTINGENT EXPENSES.

The CHAIRMAN. We have some items in this bill inserted by the Senate for the Department of Justice, submitted in House Document No. 104, which we would like very much to have somebody explain. Unfortunately the document did not come to this committee in time to have the explanation made before the items were inserted in the bill.

The first item is "Contingent expenses."

Mr. HOLLAND. Permit me to say, Mr. Chairman, in my behalf, that I have not got my seat warm in the department and this is absolutely new to me. I will not be able to be of much assistance to you. I am over here to get information rather to impart it.

The CHAIRMAN. Who is the man who will inform us?

Mr. HOLLAND. I think Mr. Harris and Mr. Stewart.

Mr. HARRIS. "For miscellaneous expenditures, including telegraph," etc; that is the miscellaneous item of the department. Those are ascertained claims for 1918, 25 cents, and for 1919, $5.91. Both of these items would have been paid had there been funds available—had the amounts not been turned back to the Treasury when they came in. I do not presume that you want the bills themselves?

The CHAIRMAN. No, sir; just explain the items.

Mr. HARRIS. "Detention and prosecution of crime," is the same way. Those are ascertained claims, for 1918, $564, and for 1919, $728.

Mr. KELLEY. The reason you did not pay them is that the money was returned to the Treasury?

Mr. HARRIS. Both of the bills reached the department after the money had been returned; that is, the bills had not come in.

Mr. HOLLAND. After what period of time do those funds return automatically to the Treasury?

Mr. HARRIS. After three years. We are disbursing now for 1920, 1921, and 1922.

"Books for judicial officers" is the same, for 1918, $9, and for 1919, $3.

The next item, "Payment of costs taxed against the United States;" that is an item for costs that the department owes other than the appropriation for the business of the courts, and we are unable to pay that under the law except by action of Congress. That amounts, in effect, to a judgment against the United States.

The CHAIRMAN. The court rendered judgment against the United States for the costs?

Mr. HARRIS. For $116.30. Those items come in regularly.

UNITED STATES COURTS—FOR SALARIES, FEES, AND EXPENSES OF UNITED STATES MARSHALS AND THEIR DEPUTIES.

The CHAIRMAN. The next item is "United States courts."

Mr. HARRIS. Mr. Kennard, you had better take this.

Mr. KENNARD. This deficiency is practically ascertained definitely. We have to pay bills now in the hands of United States marshals for settlement amounting to approximately $67,000, and at least $5,000 additional will be needed for bills which have not been presented.

The CHAIRMAN. You have appropriations for this service amounting to $2,201,000?

Mr. KENNARD. The total appropriation so far amounts to $2,201,000. The deficiency, of course, is very small compared with the total appropriation.

The CHAIRMAN. The $67,000 is ascertained to be due and the money is not available?

Mr. KENNARD. Yes. A great many bills come in from time to time after the close of the year. We pay from this fund bills for the storage of seized goods—whisky, automobiles, etc.—and for the upkeep of this property; also for the expense of destroying it when it is ordered destroyed by order of the court. The bills are not always promptly rendered.

The CHAIRMAN. Is there any way to keep within the appropriation for that purpose? Is there no way to control it?

Mr. HARRIS. As you will understand, this is business of the United Stated courts, and it depends largely upon the processes issued by the courts and the number of deputies necessary. We hold it down to the minimum. At the time of making these estimates, we were not able to ascertain definitely what the business of the courts would be, and this is what we will require in the way of an additional appropriation to keep up that end of the business.

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Mr. KENNARD. That, like most of the deficiencies in the court funds, is incident to the increase of the court business.

The CHAIRMAN. You have no way of controlling that, have you?

Mr. KENNARD. Part of it is in a measure under our control, and a part of it is not. The expenses for travel and subsistence which are paid out of this fund are specifically provided for at rates fixed by law.

The CHAIRMAN. And the amount must depend upon the amount of travel done?

Mr. KENNARD. Yes, sir.

The CHAIRMAN. Under court orders?

Mr. KENNARD. Yes, sir; at times. In 1920, we spent about $85,000 for travel and subsistence, and there will be required at least $100,000 for this year. Of course, we have had to appoint a few additional clerks to the district attorneys, because the cases to be taken care of were rolling in by the hundreds. We had 271 clerks at the opening of the year, and we have 309 now, a few of which are temporary.

The CHAIRMAN. This is all made necessary by the increased volume of business.

Mr. KENNARD. Yes, sir; clearly so.

Mr. KELLEY. Are prohibition activities responsible for this?

Mr. KENNARD. Very largely. We will probably have about 35,000 or 40,000 cases instituted this year under that act alone.

The CHAIRMAN. They are in addition to the cases that would ordinarily be before the courts?

Mr. KENNARD. Yes, sir.

Mr. BYRNS. In a general way, what does this language "expenses of United States district attorneys and their regular assistants" mean?

Mr. KENNARD. It means traveling expenses, telephone expenses, and telegraph expenses. Those are the three main items. The other expenses are small.

Mr. HARRIS. Something is required for emergency stationery once in a while, but that does not amount to much. Of course, we have this new automobile act, and that brings in quite a number of cases. Then we have Shipping Board or admiralty cases.

The CHAIRMAN. Are those admiralty cases in the hands of the United States district attorneys?

Mr. HARRIS. Yes, sir; in large part. In some places where the business is extremely congested, where we have no admiralty experts, we employ special assistants to handle the cases, but the large proportion of them is in the hands of the district attorneys.

The CHAIRMAN. The general counsel of the Shipping Board was here a few days ago, and he stated that in most admiralty cases pending no definite provision had been made, as I understood him, for the defense of those cases.

Mr. HARRIS. We have them right along. We are paying them right along in the Department of Justice.

INCREASE IN NUMBER OF CASES.

Mr. KENNARD. I wish to make clear the fact that the number of criminal cases, or cases in which the United States must conduct the prosecution, which were pending at the close of the fiscal year ended June 30, 1921, was approximately eight times the number pending in 1912.

The CHAIRMAN. Most of the admiralty cases are in New York, are they not?

Mr. HARRIS. In New York and also in Norfolk. There are quite a number in Mobile and New Orleand and in San Francisco.

Mr. KELLEY. Are these admiralty cases handled mostly by Shipping Board attorneys?

Mr. HARRIS. No, sir. They handle those cases that directly affect the board or the board's policy, but in the cases growing out of actual collisions, resulting in claims for damages, the rule is different, and those cases are laregly handled by attorneys of the Department of Justice.

The CHAIRMAN. In admiralty cases where damage occurs to ships, is the Department of Justice in a position to get the testimony of those who were present at the time of the accidents?

Mr. HARRIS. That is the idea of having these cases handled by the Department of Justice, because usually the United States district attorneys are located at the ports where the accidents occur. They immediately take the testimony and secure the names of the witnesses, and have a survey made of the vessels as soon as possible, so as to ascertain the damage.

The CHAIRMAN. Are you in a position to say whether, or not, in all such cases the testimony was taken at the time of the accident, and whether, or not, that testimony is available for use in the trial of the cases?

Mr. HARRIS. In all of the cases we do not know what has been done. In our division we handle the correspondence relating to such matters, and we authorize the employment of experts and have authority to confirm the employment of experts at reasonable figures for making those surveys. There might be some that never reach us, and that we do not know about, but so far as we now the testimony is taken at the time of the accident.

ADMIRALTY CASES GROWING OUT OF SHIPPING BOARD OPERATIONS.

Mr. BYRNS. Can you tell us how many admiralty cases you have growing out of Shipping Board operations?

Mr. HARRIS. We have not those figures now, but when we get this year's report we will have that information and can make a reasonably close estimate.

The CHAIRMAN. The Shipping Board stated that there were about 1,700.

Mr. BYRNS. It was stated by the Shipping Board that there were 1,700 such cases, in round numbers, and I was wondering whether the Department of Justice cared for all of those cases or for only a portion of them.

Mr. HARRIS. The reports are not all yet made, but as soon as the reports are in we can give you the exact figures or a reasonable estimate.

The CHAIRMAN. I wish you would do that. It might not be in time for this record, but if the committee has no objection to it I would be glad if you would make a complete statement of the admiralty cases that are pending, stating as nearly as you can the action that was taken at the time the accidents occurred and the condition of those cases.

Mr. BUCHANAN. And whether or not the Government's side is being properly defended now by your department.

The CHAIRMAN. That is, whether this work is being done by counsel of the Shipping Board or by the Attorney General's office.

Mr. HOLLAND. It is my understanding that it is being done in part by the department and in part by the Shipping Board, but just what the line of the division of the work is I do not know. That is a matter that I am interested myself in trying to find out.

The CHAIRMAN. The reason I asked that question is this: Our information is to the effect that in most admiralty cases no evidence was taken at the time of the accident, and that there is consequently no record upon which to try the case. I may, perhaps, overstate that a little, but I do not want to go too far in that statement. For that reason we are anxious to find out as well as we can just what has been done.

Mr. HARRIS. We will prepare a statement covering that, and if we are not able to secure the information in time for insertion in this record we will hand it to you later.

The CHAIRMAN. We will be very glad to have it for this record if you can prepare it in time.

NOTE.—This information could not be procured in time to include same in this testimony.

Mr. KELLEY. Those admiralty cases grow out of Shipping Board operations, do they not?

Mr. HARRIS. Yes, sir.

Mr. KELLEY. If they grow out of Shipping Board operations, why do you handle a part of them and they a part of them?

Mr. HARRIS. If you will take, for instance, that special case in New York, involving the Pacific Mail Steamship Co., they are more familiar with that than the attorneys of the Department of Justice could be. They are better advised about that case. They would be better advised about litigation that grows out of their business and business policy. That is the class of cases that they would naturally handle, because they largely involve the policies of the Shipping Board, those being matters with which their counsel is familiar. However, other cases, where damage results from collisions, under the general statute are handled by the Department of Justice. That is under the statute which provides that the Department of Justice or the Attorney General shall furnish counsel to the other departments whenever needed. That is an old law. Just what is the organization of the Shipping Board, particularly with respect to counsel, I do not know.

Mr. KELLEY. As a result there must be considerable duplication in the gathering of testimony, and that kind of thing, as well as more or less confusion.

Mr. HOLLAND. I do not think there is any duplication. My understanding, from the very limited investigation that I have made, indicates that the Government is not in as good a position to investigate those admiralty cases as the claimants are.

Mr. KELLEY. The Government is the defendant in nearly all those cases?

Mr. HOLLAND. Yes, sir.

Mr. KELLEY. You have a certain body of investigators, and they might very well clean up all of those cases instead of picking out cases here and there.

Mr. HARRIS. Expert services are required in making the examinations, because of the technical knowledge that is required in order to ascertain the damage to the vessels. We do not have that class of experts regularly employed, but we have admiralty counsel, who are experts, so far as the law is concerned. The actual surveys are made by experts.

The CHAIRMAN. We inserted a provision in the proposed appropriation for the Shipping Board to this effect:

"*Provided further*, That no part of this sum shall be used to pay the compensation of any attorney, regular or special, for the United States Shipping Board or the United States Shipping Board Emergency Fleet Corporation unless the contract of employment has been approved by the Attorney General of the United States."

Now, that provision, of course, was intended to limit the amount of compensation to be paid to attorneys in the trial of those cases by the Shipping Board. That provision would involve, I should assume, a considerable amount of conference between the Shipping Board and the Attorney General's office in the adjustment of those cases on trial, and we would like to get as much information about what is being done on that as we can, in connection with the statement you are about to supply.

Mr. HARRIS. To show you that we are not paying exorbitant sums to any of them, I will say that we have one man at San Francisco who gets $300 per month. He submits a report monthly of what he has done, and the reports show that he is rendering service every day of the month. He is a man who is pretty well up in admiralty law; and I think that instance shows that we are not paying exorbitant sums to counsel.

The CHAIRMAN. The main thing we are to see to is that the defenses are properly conducted; but we are, of course, also concerned about not having a lot of money spent that should not be spent.

NUMBER OF CASES ON DOCKETS OF UNITED STATES COURTS.

Mr. SLEMP. What is the total number of cases on the dockets in all of the United States courts.

Mr. KENNARD. At the close of the fiscal year ended June 30, 1921, there were pending about 140,000 cases. This figure includes bankruptcy proceedings and suits between private litigants.

Mr. SLEMP. The defense of the Government's interests in all of those cases rests upon the district attorneys and their assistants?

Mr. KENNARD. There is no defense by the Government in private cases, of course, but approximately 70,000 of these cases are cases in which the United States is the defendant or complainant. There are about 70,000 criminal cases pending, and in all there are about 85,000 cases in which the Government is interested.

Mr. SLEMP. How does that record compare with the record of cases in 1912.

Mr. KENNARD. The number of criminal cases pending is about eight times the number pending in 1912.

Mr. SLEMP. How does your force that is employed in handling those cases compare with the force that was employed in 1912?

Mr. HARRIS. We could give it to you in the form of the total amount of expenditures for those two years.

NOTE.—Total expenditures of department and courts, fiscal year 1912, $10,169,572.91; total like expenditures, fiscal year 1921, approximately, $17,000,000.

Mr. SLEMP. You have no greater number of district attorneys now than you had then?

Mr. KENNARD. We have practically the same number of district attorneys, but, of course we have a greater force of regular assistants and clerks.

Mr. SLEMP. How much more money are you spending now than in 1912?

Mr. KENNARD. I have not the figures showing the expenditures in 1912, but I can insert them in the record.

Mr. SLEMP. The expenditures now are not eight times as much as they were then?

Mr. KENNARD. No, sir; not anywhere near eight times as much; less than twice as much.

Mr. STEWART. They are not twice as much.

Mr. SLEMP. As a matter of fact are you not cutting off a lot of assistants at the present time that you carried during the fiscal year that this appropriation here refers to?

Mr. HARRIS. No, sir; those are special attorneys, and the special attorneys come under another head. They are employed only in special cases, and a large number were employed last year.

Mr. SLEMP. Do you know to what extent you have reduced the number of special assistants since the first of the year?

Mr. HARRIS. Based upon the amount then expended for special attorneys, whose services were terminated and deducting therefrom the cost of attorneys since appointed, I think a conservative estimate would be a reduction of $250,000.

Mr. SLEMP. How many attorneys does that dispense with?

Mr. HARRIS. I can not tell you that.

Mr. SLEMP. Has that additional work been thrown back on the offices of the district attorneys and assistants?

Mr. HARRIS. Yes, sir; the district attorneys must handle as much of that work as it is possible for them to handle: but there are some special cases of great importance in which the Attorney General deems it expedient to employ special counsel.

Mr. KELLEY. Are the dockets as clear, relatively speaking, as they were in 1912?

Mr. HARRIS. No, sir.

Mr. KELLEY. You are further behind now?

Mr. HARRIS. Yes, sir.

The CHAIRMAN. How far are they behind?

Mr. HARRIS. We estimate there are about 140,000 cases.

The CHAIRMAN. I mean in point of time.

Mr. KENNARD. That would vary very materially in each district.

Mr. HARRIS. One district might clean up its business more rapidly than another, and the congestion in one district may be greater than it is in another. Therefore, we have not been able to determine what the general average is, or whether they are two years, three years, or five years behind. We know that there is a very large increase in the number of cases, but how long it will take to try that additional number of cases it would be difficult to say. Some of the cases are of a trivial nature and will require a short time to try, while others may require three or four weeks in the trial.

Mr. SLEMP. It is the policy of the Department of Justice to have this business handled by the regular United States district attorneys and their assistants, rather than to employ large numbers of special counsel?

Mr. HOLLAND. That is the policy.

Mr. SLEMP. Expecting those district attorneys to give their entire time to the business of the Government?

Mr. HOLLAND. Yes, sir.

Mr. BYRNS. As I understand it, it is the policy of the department and of the courts—and properly so—to try the criminal cases first, and dispose of them, and especially the jail cases. With respect to those civil cases in which the Government is interested, I was wondering whether or not you are trying many of those cases now, or what the percentage of trials is with reference to those cases.

Mr. HARRIS. The percentage of cases disposed of is about the same, although the number of cases is greater. The percentage would remain about the same. At the beginning of the term the criminal docket is taken up first, and then they take up the civil cases. For instance, there is a number of civil cases in which the United States is interested as a party, and those cases are taken up as rapidly as possible.

Mr. KELLEY. Does that increase in the number of cases grow out of war claims?

Mr. HARRIS. Yes, sir; a part of it does. We estimate that there are something like eight or nine million dollars in claims against the Government. A large proportion of them are claims on account of patent infringements, involving airplanes, radio apparatus, etc., together with a lot of revenue cases.

The CHAIRMAN. How do you estimate that $29,000 is the amount of the deficiency in this item?

Mr. KENNARD. The overdrafts and requisitions for money to settle bills already rendered amount to $21,000, or they did a few days ago. They are still coming in slowly, and it is perfectly clear that at least $8,000 or $10,000 more is necessary.

The CHAIRMAN. Why would it not be a good idea in estimating for deficiencies to estimate the ascertained amount and not estimate any anticipated amount?

Mr. HARRIS. That is because we get so many complaints, growing out of the fact that we are not able to pay the bills as they come in.

The CHAIRMAN. It would not be a deficiency until you knew it.

Mr. KENNARD. These expenses are incurred all over the United States, even including the outlying possessions, and it is difficult to get all of the liabilities together promptly.

The CHAIRMAN. You are sure that the obligations which enter into this amount have been incurred, although you have not ascertained the exact amount?

Mr. KENNARD. Undoubtedly so.

Mr. KELLEY. You base that upon experience of former years?

Mr. KENNARD. Yes, sir.

FOR SALARIES OF CLERKS OF UNITED STATES COURTS, THEIR DEPUTIES AND ASSISTANTS.

The CHAIRMAN. The next item is for salaries of clerks of the United States district courts, their deputies and assistants, expenses of travel and subsistence, and other expenses of conducting their respective offices, etc., $66,000. Tell us how that estimate is arrived at.

Mr. KENNARD. We know there is a deficiency of $59,000——

The CHAIRMAN (interposing). You are asking for $66,000.

Mr. KENNARD. Yes, sir; we are asking for $66,000. It will take $59,000 to clear overdrafts and requisitions already presented.

The CHAIRMAN. You received an appropriation for this purpose of $990,000.

Mr. KENNARD. There will be more bills submitted.

The CHAIRMAN. Tell us how these additional expenses under this appropriation have been incurred.

Mr. KENNARD. It was incident to the great rush of business. The clerks and their assistants were unable to handle the work. On June 30, 1920, we had 498 deputies and clerical assistants, whereas, on June 30, 1921, we had 560.

The CHAIRMAN. Was the employment of the additional number due to the increased volume of business?

Mr. KENNARD. Yes, sir; wholly so.

The CHAIRMAN. It is not simply for the purpose of putting people on the pay roll or to give somebody a job?

Mr. HARRIS. No, sir; we have had an increase of 50 per cent——

The CHAIRMAN (interposing). What part of this amount is due to increased salaries, if any?

Mr. KENNARD. Very little. The average salary at the opening of the fiscal year was about $1,232 and the average salary at the close of the year was $1,350.

The CHAIRMAN. Who fixes the compensation of this class of employees?

Mr. HARRIS. The Attorney General.

The CHAIRMAN. He is authorized to do that under the law?

Mr. HARRIS. Yes, sir.

The CHAIRMAN. This appropriation is made in lump-sum form?

Mr. HARRIS. Yes, sir.

The CHAIRMAN. What was it that caused the increased compensation to be granted within the last year?

Mr. HARRIS. In some of those districts the clerks complained to us very earnestly that they were unable to employ assistants for the money allowed. For instance, take the situation at Shreveport, La., where we used to employ people for $1,200 and $1,400, and now we have to pay them $1,600 and $1,800, because it is not difficult for them to get jobs at the oil wells, or in connection with the oil development down there, at much larger salaries than that.

The CHAIRMAN. In other words, the oil development in Louisiana has brought about an increase in the compensation that must be paid by the Government to these people?

Mr. HARRIS. That is largely so in that particular jurisdiction. I mention that as an illustration of the situation. We have had our field men check the statements closely to ascertain whether they were true, and we find from those investigations that clerks are leaving after a service of five or six years. For instance, they secure employment in the offices of attorneys at $200 or more a year more than we are paying. Of course, we find that it costs a great deal more to put in a new man than to increase the compensation of the old man, because an experienced man is able to do from 50 per cent to 70 per cent more work than a new man, who does not understand the work, can do. As you know, the work of a deputy clerk and assistant is quite intricate. It is something that they can only acquire by experience.

The CHAIRMAN. I was wondering why you were paying increased compensation, when the tendency is toward lower compensation.

Mr. HARRIS. It is because of statements that we have had verified by our field men that they can not hold their assistants for that pay. Many times we do not permit them to pay the men anything beyond what we are allowing, but in other cases we have to allow some increase. We have to allow increases in some cases where we find that it is absolutely necessary in order to hold the men.

The CHAIRMAN. I would like to impress this thought upon the Attorney General's office, that the tendency throughout the United States is toward the lowering rather than the increasing of expenses. At any rate that is what Congress assumes. Of course that involves not adding anything to the compensation of those who are already in the service.

Mr. HARRIS. We have not done that, or it was not done voluntarily. It was only done where it was absolutely necessary in order to retain the services of some particular person. These requests are not always granted by any means. For instance, the other day there was an application for a clerk who had been in the service 22 years. Letters came in from the judge and other officials insisting upon an increase. They said that the man would quit the service if his pay were not increased, and we had to say to them "he will have to quit, because we have not the money with which to grant the increase."

The CHAIRMAN. Did he quit?

Mr. HARRIS. I do not know. We have not been advised as to that.

Mr. KENNARD. It is a question whether the judicious handling of this matter, by making salary increases at times does not result in an economy, by reason of stimulating and expediting the transaction of business.

The CHAIRMAN. Of course, we do not undertake to say what we would do in a particular case, but we want you to be impressed with the importance of the necessity of making sure that you have a case that justifies an increase before you grant it. That is the position I take.

Mr. HARRIS. We wish to assure the committee that we are doing just that thing.

Mr. BYRNS. What is the total amount?

The CHAIRMAN. $1,051,000.

AMOUNT OF FEES COVERED INTO TREASURY.

Mr. BYRNS. What are the fees that have been covered into the Treasury?

Mr. KENNARD. We have not completed the compilation for this year, but there will be about $750,000.

Mr. BYRNS. Then the putting of clerks on salary has cost the Government $300,000 or $400,000 in a year?

Mr. HARRIS. No; not if you take into consideration the fact that when they were on the fee system the Government paid the necessary portion to reach their maximum as well as the expenses of the offices.

Mr. KENNARD. The last year they were on a fee basis you appropriated $327,000.

The CHAIRMAN. So this places it on a basis of equality?

Mr. KENNARD. Yes. If you add the two appropriations, say, $330,000 and $750,000, that makes $1,080,000, and it comes very close.

Mr. BYRNS. But it has cost the Government something to put them on a salary basis.

Mr. KENNARD. Very little.

Mr. BYRNS. When the bill was proposed my understanding was that the Government would save money by the process rather than lose money.

Mr. HARRIS. I think it would have resulted in a saving if it had not been for the increased business.

The CHAIRMAN. But if you have increased business you have increased fees.

Mr. HARRIS. That is true. But under the law or under a regulation we charge $1 for making out an application for a passport and we estimate that it takes $1.50 or $2 of a man's time to make out an application for passport and issue a passport, and that is new business which did not obtain previously, and it is because of that.

Mr. KENNARD. The question is whether, if you had continued the fee system, instead of appropriating, as you did during the last year of the fee system, $327,000, you would not be appropriating at least $400,000 for the share of the United States, and maybe more. So it is a very close question as to a saving.

Mr. BYRNS. What proportion of this deficiency of $66,000 is represented by an increase of salaries, to which you have referred?

Mr. KENNARD. Well, it is hardly possible to make that estimate. Of course, the change in the salary roll, as compared with the previous year, has been far more than $66,000. The salaries were only about $890,000 in 1920, whereas they will be $1,030,000 or $1,040,000.

Mr. BYRNS. I was wondering whether you could approximate the amount of this increase in salaries.

Mr. KENNARD. Yes, sir; we can.

Mr. HOLLAND. Do you mean as to individuals or the increase due to the addition of new employees?

Mr. BYRNS. I refer to the individuals.

The CHAIRMAN. That is, the aggregate increase.

Mr. KENNARD. That would be a difficult matter to work out, but an average of $100 on 500 clerks would be $40,000 or $50,000, and that would be very close to it.

The CHAIRMAN. That would very nearly cover your deficiency?

Mr. KENNARD. Very nearly; yes.

Mr. HARRIS. The increase under this over what it was under the fee system may be accounted for in part by reason of the maximum compensation. Prior to the act of 1919 it was $3,500 from the fees of their offices. Congress authorized that the clerks' salaries be fixed at a minimum of $3,000 and a maximum of $5,000. When the circuit courts were abolished it was understood that there would be some provision made to pay the clerk of a district court more for doing the work of both courts than he received for doing the work of only one court, so that the increase from $3,500 to $5,000 is a

part of the additional amount paid over and above what we paid prior to the act of 1919.

The CHAIRMAN. That was fixed by law; that is, it was authorized by law?

Mr. HARRIS. Yes, sir.

The CHAIRMAN. You said something about having a certain function to perform in connection with passports, where you do $1.50 or $2 worth of work for $1. Why do you not suggest some legislation which will authorize the collection of a greater sum? The people who get that service should pay for it.

Mr. HARRIS. The State Department gets the rest. It is $10, and I understand the State Department gets the remainder, we retaining $1. We might get a better allowance and I think we really should.

The CHAIRMAN. That would be a matter of negotiation between you and the State Department.

Mr. KELLEY. But it would not save the Government anything.

Mr. HOLLAND. Before you leave that I would like to say that a good many of these administrative matters have been turned over to me, and I had a conference with General Daugherty with reference to them. He impressed upon me the necessity for rigid economy, and the files of the office will disclose that district attorneys have been requested to exercise the most rigid economy all along the line. Some very serious complaints have come to the department from members of Congress because certain special attorneys have been discharged, when it was believed by the department, based on representations made to it, that the work to which those special assistants had been assigned could now be handled by the regular district attorney and his regular force, and in a number of instances those specials have been cut off, due in part to that and in part to the fact that a portion of their work has already been disposed of, leaving a residue which could well be taken on by the regular force.

The CHAIRMAN. You can not do anything which will be more gratifying to this committee than to show efficiency and economy. We are anxious to have it.

Mr. HOLLAND. But with the accumulation of business, and particularly in criminal cases, due largely to the Volstead Act, the district attorneys come in and make a very strong showing that it is impossible for them to expedite the cases in court and properly handle them without additional assistants.

FEES OF JURORS.

The CHAIRMAN. Let us go to the next item, "For fees of jurors, fiscal year 1921, $31,000." The appropriation was $2,250,000.

Mr. KENNARD. We will need all of this money and probably a little more.

The CHAIRMAN. I suppose this is something over which you have no control at all?

Mr. KENNARD. No control whatever. The fees are fixed by statute and the number of days' service is determined by the courts.

The CHAIRMAN. We will just pass that. There is no use arguing about it, because I know you can not control it.

Mr. BUCHANAN. Let me ask a question before you go to the next item. You say you have been stopping the services of special attorneys in certain cases and have turned the work over to the forces of the regular district attorneys?

Mr. HOLLAND. Yes, sir.

Mr. BUCHANAN. Are you increasing to any extent the number of assistant district attorneys?

Mr. HOLLAND. I have not been in the department long enough to answer that, but in one instance I know that will be recommended. That is in the northern district of New York.

Mr. BUCHANAN. Is there any limitation on the number of assistants you can appoint in the office of any one district attorney?

Mr. HOLLAND. No; there is no limitation. That is based on the business of the office, and we have in the department comparative tables which we use in passing upon those matters, and also the revenues derived from these different offices.

Mr. BUCHANAN. As I understand, then, it is the policy of the department, so far as possible, to run the business with its regular force, believing that the business can be done in a more efficient manner, even if it is necessary to increase the regular force, rather than to employ special counsel in special cases.

Mr. HOLLAND. That is the policy, except in some cases that are of very great importance, where it is deemed best to employ special counsel.

Mr. BUCHANAN. That is, in some exceptional case?

Mr. HOLLAND. Yes; for instance, some of the important land cases and condemnation proceedings.

Mr. BUCHANAN. And while this policy may increase, and doubtless will increase, the regular force it will cut off a great many special attorneys?

Mr. HOLLAND. Yes; and reduce the total expense of the department. That is what we are after.

Mr. BUCHANAN. That is what you are trying to do?

Mr. HOLLAND. Yes.

Mr. BUCHANAN. But it remains to be seen whether that will be the result?

Mr. HOLLAND. Yes.

SUPPORT OF UNITED STATES PRISONERS.

The CHAIRMAN. The next item is, "For support of United States prisoners, including necessary clothing and medical aid," etc. You ask for $138,000 and the appropriation was $920,000. This is not to provide subsistence, clothing, and medical aid for prisoners in the penitentiaries, is it?

Mr. KENNARD. No, sir. This is for prisoners in State institutions and county jails. Of course, the number of prisoners has tremendously increased, particularly toward the close of the year.

The CHAIRMAN. How do you account for that?

Mr. KENNARD. Arrests in prohibition cases, I should say is the primary element. The unpaid bills have increased since we made this estimate to more than the amount reported, namely, $169,000, but we are hoping we will have some repayments from unexpended balances of disbursing officers, which will enable us to complete all payments.

The CHAIRMAN. I suppose this is another matter over which you have no control?

Mr. KENNARD. We have no control over the number of prisoners. We must feed and house them and we endeavor to make the best rates we can with State institutions.

The CHAIRMAN. Are all of these prisoners housed under contract?

Mr. KENNARD. Largely so.

Mr. KEY. They are housed under agreements made between the department and the county sheriffs.

RATES PAID FOR MAINTENANCE OF PRISONERS.

The CHAIRMAN. What do you have to pay for the maintenance of prisoners, say, in a county jail?

Mr. KEY. The rates vary from 30 cents in some States to $1 in some others.

Mr. HOLLAND. In some States that is fixed by statute, is it not?

Mr. KEY. Yes; but the Government is not bound by the State law. We make our contracts irrespective of that; in a great many cases the rate is lower than the rate provided by the State law.

The CHAIRMAN. How often do you revise rates or negotiate for new rates?

Mr. KEY. Whenever we get a demand for an increase we send the inspector out in order to endeavor to hold the rate down.

The CHAIRMAN. You never attempt to have the rates lowered?

Mr. KEY. Yes. There has been a vacancy in the office of the inspector of prisons during the whole of the last year. A new inspector has been appointed, and just as soon as we get our reports in for 1921 and can see what the expenses have been, he is going out to try to reduce expenses generally.

The CHAIRMAN. How many prisoners are to be paid for out of this appropriation? What is the average number?

Mr. KEY. During the fiscal year 1920 there was a daily average of approximately 2,600 prisoners in State and county jails. I have not the figures for 1921, but there must have been a daily average of about 3,000 or 3,300. We have not those figures compiled, but we are compiling them now.

The CHAIRMAN. Let us take up the next item. "For such miscellaneous expenses as may be authorized by the Attorney General for the United States courts and their officers," and so on. You are asking for $42,000?

Mr. KENNARD. Yes, sir.

The CHAIRMAN. Before we leave the item for the support of United States prisoners, I notice you have a proviso to this effect:

"*Provided*, That the accounting officers are authorized to reimburse from this appropriation the board of prison commissioners of the Texas State prison system in the amount of $5 paid as discharge gratuity to United States prisoner, Hattie Burr."

That is a small item, but could you not have attended to that without this legislation?

Mr. KEY. Under the law the United States prisoners are not entitled to gratuities unless they get a sentence of six months or over, and through an error in the transmission of a telegram a prisoner who was serving a sentence of four months was granted gratuities, and this is to reimburse the sheriff who paid out that sum.

Mr. KELLEY. What do you mean by gratuities—giving him a little money with which to go away?

Mr. KEY. They get a gratuity of $5 in cash, transportation to their place of residence or place of conviction, and a suit of clothes.

MISCELLANEOUS EXPENSES.

The CHAIRMAN. Let us take up the next item, "For such miscellaneous expenses as may be authorized by the Attorney General for the United States courts and their officers," and so on. I suppose that is due to claims that had not been reported at the time the balance was covered into the Treasury?

Mr. KENNARD. Yes; that is for a prior year.

The CHAIRMAN. One for 1918, one for 1919, and one for 1920. Would the one for 1920 properly come under the head of balances that had been covered into the Treasury?

Mr. KENNARD. The appropriation for 1920 was not sufficient and in this particular instance there was no balance covered into the Treasury, but these are ascertained liabilities which developed long after the close of the year.

The CHAIRMAN. You have some legislation in the bill as follows:

"*Provided*, That the General Accounting Office is authorized and directed to settle under this appropriation for the fiscal year 1920 the bill of Judd & Detweiler, amounting to $12, for furnishing 50 copies of the brief in the case of Isaiah Smith *v.* the United States," and then some other items. While they are small, it seems to me they are claims.

Mr. HARRIS. They are claims.

The CHAIRMAN. And they ought to be provided for in a special bill. This committee does not have jurisdiction over claims.

Mr. KENNARD. We have no way to allow this unless Congress permits it. Through inadvertence this printing was done outside instead of at the Government Printing Office, and therefore, we can not pay the bill, although the work was done in good faith under order from the Government.

The CHAIRMAN. But this is not the proper committee to come to with these items. They ought to go to the Committee on Claims.

Mr. HARRIS. Heretofore we have been putting these into deficiency bills.

The CHAIRMAN. I know, but we are going to stop you from doing it in the future, because we are not going to legislate, if I have anything to do with it.

Mr. KENNARD. It is the same way with the item of $41.11. It has been a long-established custom to bring these items before this committee.

Mr. HARRIS. Of course, it is a claim that arises through some decision of the comptroller in construing restrictive legislation, and it is quicker and easier to get it done in a bill of this kind, if the testimony is sufficient to support it, than it is by special bill.

Mr. BYRNS. I do not know where this claim originated, but I take it that this was an error on the part of some district attorney or some official.

Mr. HARRIS. Yes; in having printing done outside which should have been done at the Government Printing Office.

Mr. KENNARD. Where it would probably have cost the Government more.

Mr. BYRNS. It might not have been done if the district attorney or official had asked the Department of Justice to have it done.

Mr. KENNARD. Yes, sir; it was done under order from the department; it was clearly authorized.

The CHAIRMAN. I would like to suggest to you, whatever we may do with this, that in the future we would like very much to have you leave those legislative provisions out of your recommendations, because under the rules of the House this committee has no authority to legislate, and we do not like to have you go to the Senate and put items in the bill which would not be permitted to be put in if the bill originated in the House.

Mr. HOLLAND. Your idea being that there should be a special bill for relief?

The CHAIRMAN. Yes. I want to call the attention of the Department of Justice to the fact that this bill should have originated here.

Mr. KELLEY. Why were not these estimates sent here?

Mr. STEWART. We did send them here, Mr. Chairman, but they did not get here before you had acted on the deficiency bill.

The CHAIRMAN. I know; but you want to get here in time after this. We are going to look with disfavor on any action on your part in going over to the Senate with bills of this sort, when they ought to come here and this committee have an opportunity to understand what the items are for. We are compelled to hold this hearing after the bill has passed the House and after it has practically passed the Senate.

Mr. KENNARD. Was not this reported to the House by the Budget Bureau?

The CHAIRMAN. It was sent in after we had passed on our bill.

Mr. HARRIS. That arose from the fact that we did not have the figures before us, as it was so close to the end of the fiscal year.

The CHAIRMAN. Hereafter I recommend that you wait and submit them to the House, because you are going to get in trouble if you do not do it.

Mr. KENNARD. There was no intent on the part of the department to dodge this committee.

The CHAIRMAN. I do not suppose there was; but you know that the Constitution provides that these items shall originate in the House.

Mr. KENNARD. All we can do is to report them to the Budget Bureau.

The CHAIRMAN. Well, report them to the Budget Bureau in time. It is very embarrassing to go before the House and say we do not know anything about a bill of this sort.

Mr. KENNARD. We did report in time, but the President was away and it did not reach you.

Mr. HARRIS. They had it approximately 10 days before it was sumbitted to you.

The CHAIRMAN. I just wanted to give you timely warning, and I just want to say in this connection that in the future we do not want any legislation included in any of the estimates you send to the committee. If you have any legislative provisions you ought to send them to the committee that has jurisdiction over that legislative procedure, because we will not take cognizance of it.

Mr. KELLEY. I would like to ask what amount is included in the item covering authorized payments for subsistence in excess of $5 per day, cab fare and war tax paid to H. C. Cowles, expert ecologist. How much does that involve?

Mr. KENNARD. The cab fare is only a few dollars; the remainder of the $41.11 is the excess over $5 per day for subsistence.

Mr. HARRIS. That arises from the fact that for years, under a decision of the Comptroller of the Tresaury, we had considered an expert who appeared in court as not being an employee of the Government, but very suddenly he reversed himself and held that experts were employees of the Government within the meaning of the act of 1914, which limited the expenses to $5. This is for the purpose of permitting us to pay what we contracted for at the time and prior to this decision.

Mr. BUCHANAN. What is meant by this language, "covering authorized payments for subsistence in excess of $5 per day, cab fare and war tax paid to H. C. Cowles, expert ecologist?"

Mr. KENNARD. That is all one item of $41.11.

Mr. BUCHANAN. On what is he an expert? In other words, I want to find out the meaning of that word "ecologist."

Mr. HOLLAND. You will have to send for a dictionary, as far as I am concerned.

Mr. KENNARD. I admit I do not know.

The CHAIRMAN. Why do you use hieroglyphics in making up this item?

Mr. KENNARD. That is the way he was styled in the appointment.

The CHAIRMAN. I want to ask you some more questions about the item "for such miscellaneous expenses as may be authorized by the Attorney General for the United States courts and their officers." You had an appropriation of $590,000, and you are asking for $42,000 more for 1921. How does all of this additional expense come about?

Mr. KENNARD. There has been a material, and yet not a very great, increase over the like expense for 1920, due to a number of different elements which enter into an appropriation of a miscellaneous character. The amount used for various kinds of experts, handwriting, medical, land, and others was much greater than the year before; printing and binding was $12,000 more than the previous year; fuel cost more by about $3,000.

The CHAIRMAN. Do you mean to say that fuel was higher in 1921 than in 1920?

Mr. KENNARD. I can not say definitely whether it was higher or whether we bought more, but it cost us $3,000 additional. The death of the Chief Justice of the Supreme Court gave rise to ceremonial expense of about $4,000, and there was greater expense for masters in chancery.

The CHAIRMAN. There was a larger record?

Mr. KENNARD. Yes, sir.

The CHAIRMAN. And that is covered by the printing and binding?

Mr. KENNARD. The printing and binding is, but the compensation of the masters is not.

Mr. KELLEY. Would there be any way to detail the $42,000 under subheads? Could you subhead that, showing so much for this purpose and so much for that purpose?

Mr. KENNARD. Yes, sir; we can do that.

The CHAIRMAN. Put it in the record, please.

Mr. KENNARD. We will do that.

Miscellaneous expenses, United States Courts.

Expenses, fiscal year 1920, in round numbers	$553,000
Expenses, including ascertained liabilities 1921, approximately	632,000
Increase	79,000

The above-mentioned increase arises substantially as follows:

1. Additional on account of employment of accountants, handwriting experts, medical experts, real estate experts, and other temporary technical employees, approximately	18,000
2. Additional on account of compensation of masters in chancery appointed by the court, approximately	7,000
3. Additional on account of printing briefs, court calendars, etc., and other miscellaneous printing and binding, approximately	12,000
4. Additional on account of ceremonial expenses incident to the death of the Chief Justice of the Supreme Court, approximately	4,000
5. Additional on account of the purchase of fuel, approximately	2,000
6. Additional on account of miscellaneous personal services not specially classified, approximately	10,000
7. Additional on account of expenses of travel and subsistence, approximately	10,000
8. Additional on account of special and miscellaneous services other than personal, including the furnishing of heat, light, and power, approximately	8,000
9. Additional on account of temporary stenographers to report special cases, approximately	8,000

ATLANTA (GA.) PENITENTIARY—MISCELLANEOUS EXPENDITURES.

The CHAIRMAN. The next item is "Atlanta, Ga., Penitentiary: For miscellaneous expenditures, including the same objects specified under this head in the sundry civil appropriation act for the fiscal year 1921 for the penitentiary at Leavenworth, Kans., $1,449.10." You made an estimate of $2,000 and the Senate reduced it to $1,449.10.

Mr. KEY. Yes, sir; we advised the Senate that they might reduce it to that amount. When the actual bills were received by the warden they amounted to $1,449.10.

LEAVENWORTH (KANS.) PENITENTIARY—CONSTRUCTION OF WATER TANK.

The CHAIRMAN. You have an item of $20,000 for the construction of a water tank. What is the necessity for that?

Mr. KEY. At the present time, due to our inability to get sufficient water, the upper tiers of the cells during the early morning hours, when the men arise, are without water for the toilets, and it makes a very insanitary and disagreeable condition; in fact, the physician is fearful of an epidemic at any time. The plan is to erect a water tank of 120,000 gallons, which can be filled during the night, when we can get the water, and we will have it to use in the day time.

The CHAIRMAN. How long has that condition existed?

Mr. KEY. That condition has existed for some time, but it has been a progressive condition; it has been progressing for the last 18 months, getting worse and worse. Our population is increasing, and the prison is built out from the city of Atlanta, and it is built up all the way out, and those people are drawing off more water.

The CHAIRMAN. Do you get your water supply from the city of Atlanta?

Mr. KEY. Yes.

The CHAIRMAN. And the pressure is not sufficiently strong to supply the upper tiers?

Mr. KEY. That is right.

Mr. KELLEY. This is a sort of reserve tank.

Mr. KEY. Yes, sir.

Mr. KELLEY. Which you want to fill during the night, when people are not using water?

Mr. KEY. Yes, sir.

The CHAIRMAN. It is necessary as a sanitary measure?

Mr. KEY. Yes, sir. When the physician operates he has to operate in the morning, and he has to have buckets of water carried into the operating room because he can not get water there.

CONSTRUCTION OF POWER HOUSE.

The CHAIRMAN. For the construction, complete, of a new power house you are asking $30,000. Is there a power house now?

Mr. KEY. Yes, sir; there is a power house there now which was erected and the plant installed 20 years ago.

The CHAIRMAN. Is this to be a substitute for that?

Mr. KEY. This is to be a substitute for that, and it is urgent for the reason that we have outgrown the present power house. The boilers and engines have been repaired until now it is almost impracticable to use them. Last month we had a bad explosion. One of the boilers blew up and five men were very seriously injured and a great many others received minor injuries, and three of those men have died. The present plant is not able to supply low pressure sufficient for the institution during the summer months.

The CHAIRMAN. This is for the operation of the machinery?

Mr. KEY. The $30,000 is just for the building.

The CHAIRMAN. But the machinery in it is to operate the machinery in the penitentiary?

Mr. KEY. Yes, sir; and in addition the lighting and heating; it is to run the machine shops and the refrigerating plant.

Mr. BYRNS. Was this item and was the item for the water tank estimated for in the regular bill?

Mr. KEY. This is an emergency estimate.

Mr. BYRNS. This is the first estimate?

Mr. KEY. Yes, sir.

NUMBER OF PRISONERS.

The CHAIRMAN. How many prisoners are at Leavenworth?

Mr. KEY. At the present time about 2,000.

The CHAIRMAN. How long will it take to construct this building if authority is granted?

Mr. KEY. From the way the engineer talks in his report he will have it running by February.

FOR PURCHASE OF BOILERS, ENGINES, ETC., FOR POWER HOUSE.

The CHAIRMAN. Will the building be erected by prisoners?

Mr. KEY. The building will be erected by prison labor, and that is the reason the cost is so low; all we have to do is to buy the building materials. You will notice there is also an item for the purchase of boilers, engines, and other equipment for power house, $91,500. After taking the matter up with the expert over in the office of the Architect of the Treasury we have knocked out an item of $23,500 for automatic stokers, so that the item can be reduced that much.

Mr. HOLLAND. Is it economy to do that?

Mr. KEY. According to the opinion of the expert, it is.

The CHAIRMAN. Have you made efforts to see whether or not we have any of this boiler equipment that could be used in the War Department or the Shipping Board, where we have so much surplus machinery of all kinds?

Mr. KEY. Yes, sir. The Director of the Budget has that matter under consideration with a view to giving us the machinery which it will be necessary to substitute until we can arrange a new one. We have taken care of that.

The CHAIRMAN. So you are contemplating utilizing machinery which the Government has on hand?

Mr. KEY. Yes, sir; substituting it until we can get the new.

The CHAIRMAN. Substituting the machinery which the Government has until you can substitute for that new machinery later?

Mr. KEY. The substitute machinery is not all that we need; it is just enough to tide us over until the new plant is installed.

The CHAIRMAN. But we have machinery of all kinds, the best in the world, that we are not going to do anything with except to let it rust out. You would not have to substitute anything for that?

Mr. KEY. If they can furnish it, we are perfectly willing to take it.

Mr. STEWART. It is being considered by the Budget Commission now. If the War Department can furnish it they will do so.

Mr. KELLEY. In that event you would not want this money?

Mr. KEY. Only what we would have to pay. We would have to pay whatever they charged.

Mr. STEWART. It is a bookkeeping matter between the two departments.

The CHAIRMAN. What is the condition of the present power house, the building?

Mr. KEY. It is small and is not arranged properly.

The CHAIRMAN. Will it have to be torn down?

Mr. KEY. No, sir; we will use it for a shop building and build an entirely new building. The old power house will be one of the shops.

Mr. KELLEY. What is there about this whole situation that makes it an emergency?

Mr. KEY. We had an explosion and the boilers are broken down. The engineers and prisoners are afraid to work there and there is no way to heat the institution this winter.

Mr. HOLLAND. Do you know how long the boilers have been in there?

Mr. KEY. About 20 years.

Mr. HOLLAND. What kind of boilers are they?

Mr. KEY. Tubular boilers, ten 150-horsepower tubular boilers.

The CHAIRMAN. Is there any inspection made of these boiler plants at different periods?

Mr. KEY. They have been repaired from time to tine.

The CHAIRMAN. I know, but is there an inspection?

Mr. KEY. No; other than that we have an expert engineer in the institution who takes care of them.

The CHAIRMAN. It is customary with people who have boilers and things of that sort to have a cold water pressure test made to see whether they are qualified to function.

Mr. KEY. I understand that that is made regularly by the people at the penitentiary, but not by outsiders.

M'NEIL ISLAND (WASH.) PENITENTIARY—FOR CONSTRUCTION OF WATER WORKS SYSTEM.

The CHAIRMAN. The next item is "McNeil Island, Washington Penitentiary: For construction of waterworks system $8,200." What is that for?

Mr. KEY. That is for practically the same thing as at Atlanta, with this difference. At McNeil Island we have to depend, both for drinking and other purposes, on water obtained from springs. At present we pump it out of the springs and have a receiving tank. That receiving tank was erected 13 years ago, it is made of wood and is rotting. We have pieced it out with boards. The water is, of course, unfit to drink.

The CHAIRMAN. Why was not this called to the attention of the committee when the sundry civil bill was under consideration? It seems to me that the information should have been in the possession of the service long since?

Mr. KEY. I can not tell you about that, sir.

NUMBER OF PRISONERS AT PENITENTIARIES.

The CHAIRMAN. It looks to me like a very important thing. How many prisoners have you at McNeil Island?

Mr. KEY. 230 just now. We are erecting a new wing, which will take care of 200 or 220 more.

The CHAIRMAN. How many at Atlanta?

Mr. KEY. 2,000.

The CHAIRMAN. And about 2,000 at Leavenworth?

Mr. KEY. Yes, sir. We have now to turn back into the Treasury from the appropriation about $160,000. The amount we are asking for is not in excess of what we will turn back.

The CHAIRMAN. That is for 1921?

Mr. KEY. Yes, sir. We are asking for the use of an appropriation made for one purpose for another purpose.

SUPREME COURT DISTRICT OF COLUMBIA—MISCELLANEOUS EXPENSES.

The CHAIRMAN. The next item is:

"District of Columbia, courts and prisons, miscellaneous expenses: For such miscellaneous expenses as may be authorized by the Attorney General for the Supreme Court of the District of Columbia and its officers, including the furnishing and collecting of evidence where the United States is or may be a party in interest, including

also such expenses other than for personal service as may be authorized by the Attorney General for the court of appeals, District of Columbia, fiscal year 1921, $5,500.

"Sixty per centum of the foregoing sum for the District of Columbia shall be paid out of the revenues of the District of Columbia and 40 per centum out of the Treasury of the United States."

What is that for?

Mr. KENNARD. The appropriation proved insufficient. There was much additional expense incident to the Arnstein case, which was tried twice. We had to subsist prisoner witnesses who were brought here from New York, I think, for quite a considerable length of time. It cost us about $5,000.

The CHAIRMAN. Do you mean to say that you had to feed prisoners to the extent of $5,000?

Mr. KENNARD. Feed and house them.

The CHAIRMAN. In the jail or outside?

Mr. KENNARD. These were prisoner witnesses. They were needed here as witnesses and we had to take care of them under guard. Then the Department of the Interior found it necessary to almost double the unit charge for heating our building, which made an additional expense for heating of about $3,000.

The CHAIRMAN. They increased the rate?

Mr. KENNARD. Yes, sir.

The CHAIRMAN. Who increased the rate, the Public Utilities Commission?

Mr. KENNARD. No, sir. The heating plant belongs to and is operated by the Department of the Interior. They furnish us with heat at so much per gallon of condensed water returned through the meter. They calculated the cost of the operation of the plant and they notified us that the price would be 75 or 80 per cent greater. We must pay what they tell us is right. They say that is what it is costing them.

The CHAIRMAN. They found the price in 1921 to be higher than in 1919 and 1918?

Mr. KENNARD. Certainly it was much higher than in 1920.

Mr. STEWART. I think their contention was that in the prior year they did not charge us all it cost.

The CHAIRMAN. Did they increase it any time during the war, in 1917, 1918, or 1919?

Mr. KENNARD. There was then a different arrangement. Before that, the building was not in use. It was under reconstruction. We bought our coal.

The CHAIRMAN. How did the price of coal you bought compare with the cost of heating under the present plant?

Mr. KENNARD. I will have to investigate that.

The CHAIRMAN. I wish you would. We should like to have it.

Mr. KENNARD. It is, however, a different proposition, because we moved out of the building, occupied rented quarters, and bought coal and heated the rented building, while the Department of the Interior heats the new building.

Mr. STEWART. In prior years they did not charge us all that its cost. It cost more than they were charging us. They fixed the rate.

Mr. KELLEY. They have not any separate heating plant?

Mr. KENNARD. The buildings are heated by the same plant.

The CHAIRMAN. Do you know what the Department of the Interior does with the money it gets; does it turn it into the Treasury?

Mr. KENNARD. They recoup their fund. They put it back into the fund for the purchase of their coal and supplies.

The CHAIRMAN. They have authority to take the money and use it again?

Mr. KENNARD. Yes, sir.

The CHAIRMAN. It does not go into the Treasury?

Mr. KENNARD. No; it goes back to their fund.

Mr. KELLEY. Do they supply heat for any private people?

Mr. KENNARD. I think not.

Then there is the printing of briefs and court calendars, which is more expensive than usual. It cost about $2,000 more than in the previous year. That makes about $10,000, which is just about the increase in the expenditures this year over the previous year. Twenty-four thousand dollars has been heretofore provided by Congress, and we are asking for only $5,500 to make up the difference.

Mr. KELLEY. Please put in the record a table showing how the $5,500 is apportioned.

Mr. KENNARD. With pleasure.

(The statement referred to by Mr. Kelley follows:)

Miscellaneous expenses, Supreme court, District of Columbia:

Amount expended fiscal year 1920 in round numbers	$19,000
Expenses, including known liabilities, fiscal year 1921, approximately	29,500
Increase	10,500

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The above increase arises substantially as follows:

1. Additional on account of housing and subsisting witnesses who were United States prisoners, and other expenses, in the Arnstein case, which was tried twice; approximately	$5,000
2. Additional on account of cost of printing briefs, court calendars, etc.; approximately	2,000
3. Additional on account of cost of heat furnished by the Department of the Interior to heat the courthouse building; approximately	3,000
4. Additional on account of miscellaneous items, approximately	500

INCREASE IN NUMBER OF CASES DUE TO PROHIBITION.

The CHAIRMAN. I wonder if you could, without much trouble, prepare a statement showing the increase in the number of cases pending in the courts due to prohibition?

Mr. HARRIS. We can not do that until all the reports are in.

The CHAIRMAN. For six months or a year, as compared with a similar period.

Mr. HARRIS. The reports are prepared subsequent to June 30 and they are not in. Those cases are noted in the report of the Attorney General.

Mr. SLEMP. How much less is the Department of Justice undertaking to operate with this present year as compared to the last fiscal year?

Mr. KENNARD. It will cost us more to operate this year than it did last year.

Mr. SLEMP. Do you contend that you will need more money during 1922 than you expended during 1921?

Mr. KENNARD. Yes, sir.

Mr. HARRIS. That does not apply to the Department of Justice. Our business is increasing, because of new legislation, and cleaning up by litigation of the business of other departments. All the war contract cases, in the shape of lawsuits, have increased the business of the department, in addition to prohibition and other new cases, while the work of the other departments has decreased.

Mr. SLEMP. Have you found an appreciable increase in the number of cases in the last three or four months?

Mr. HARRIS. We do not go by months; we go by years. At the end of the year we found an increase, but the actual number of cases we have not reported.

Mr. SLEMP. What is the comparison between the number of cases on June 30, 1920, and on June 30, 1921?

Mr. KENNARD. There were about 25,000 more cases pending.

Mr. SLEMP. What was your disposal of cases during the year ending June 30, 1921?

Mr. KENNARD. We disposed of about 85,000 cases.

Mr. SLEMP. What was the percentage of the disposal of cases?

Mr. HARRIS. About the same as the prior year; very little difference in the percentage.

Mr. SLEMP. You found this at the end of the year June 30, 1921, 33⅓ to 40 per cent more cases on the docket than you had on June 30, 1920?

Mr. KENNARD. Yes, sir; at the same time we had disposed of more cases.

The CHAIRMAN. But the percentage is not any more because of the disposal of cases?

Mr. BUCHANAN. What would you think of the policy of establishing in the Department of Justice a bureau, separate, if necessary, with an increased, force, if necessary to take care of all claims and all lawsuits of every character of every department of the Government, and taking away from them the employment of a whole lot of counsel? If you do not care to express an opinion, do not do it, because it touches other departments.

Mr. HOLLAND. I have a very definite idea regarding it, and was discussing that with Gen. Goff. Very frankly, I do not think the department desires just at this time to go on record in that matter.

Mr. STEWART. The department has that under serious consideration at this time.

Y4. Ap6/1: D36/922-3

FIRST DEFICIENCY APPROPRIATION BILL, 1922

SEP 19 1921

HEARING

BEFORE

SUBCOMMITTEE OF HOUSE COMMITTEE ON APPROPRIATIONS

CONSISTING OF

MESSRS. MARTIN B. MADDEN (CHAIRMAN), JOSEPH G. CANNON, DANIEL R. ANTHONY, JR., PATRICK H. KELLEY, WILLIAM R. WOOD, JOHN A. ELSTON, JOSEPH W. BYRNS, THOMAS U. SISSON, AND JAMES A. GALLIVAN

IN CHARGE OF

DEFICIENCY APPROPRIATIONS

SIXTY-SEVENTH CONGRESS

FIRST SESSION

WASHINGTON
GOVERNMENT PRINTING OFFICE
70214 1921

COMMITTEE ON APPROPRIATIONS.

House of Representatives.

SIXTY-SEVENTH CONGRESS, FIRST SESSION.

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DANIEL R. ANTHONY, Jr., Kansas.
WILLIAM S. VARE, Pennsylvania.
JOSEPH G. CANNON, Illinois.
C. BASCOM SLEMP, Virginia.
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EDWARD T. TAYLOR, Colorado.
WILLIAM B. OLIVER, Alabama.
THOMAS W. HARRISON, Virginia.
ANTHONY J. GRIFFIN, New York.

Marcellus C. Sheild, *Clerk.*

FIRST DEFICIENCY APPROPRIATION BILL, 1922.

HEARING CONDUCTED BY THE SUBCOMMITTEE, MESSRS. MARTIN B. MADDEN (CHAIRMAN), JOSEPH G. CANNON, DANIEL R. ANTHONY, JR., PATRICK H. KELLEY, WILLIAM R. WOOD, JOHN A. ELSTON, JOSEPH W. BYRNS, THOMAS U. SISSON, AND JAMES A. GALLIVAN, IN CHARGE OF DEFICIENCY APPROPRIATIONS.

MONDAY, NOVEMBER 7, 1921.

ARLINGTON MEMORIAL BRIDGE COMMISSION.

STATEMENT OF LIEUT. COL. CLARENCE O. SHERRILL, EXECUTIVE OFFICER, ARLINGTON MEMORIAL BRIDGE COMMISSION.

PLANS FOR CONSTRUCTION OF ARLINGTON MEMORIAL BRIDGE.

The CHAIRMAN. In connection with the Arlington Memorial Bridge Commission, you have an estimate of $25,000. Will you tell the committee why this matter is urgent at this time?

Col. SHERRILL. The reason for its being presented in this deficiency bill is that the grading around the Lincoln Memorial and the road plans have now approached the point where it is necessary to have the plan for the Arlington Memorial Bridge completed, in order that there may be no money wasted or inadvisedly spent in continuing the grading around that structure. The principal reason why it should be done is because the Arlington Memorial Bridge and the Lincoln Memorial are very closely connected from the architectural standpoint, or from the landscape architectural standpoint, and, therefore, this plan should be completed now in order that the bridge plans may harmonize with the plans for the Lincoln Memorial, which is practically completed. There is also another reason why the President considered it necessary to submit this estimate—not necessarily in this deficiency bill, but at this time—and that is that the Lincoln Memorial will shortly be finished. This commission was created a number of years ago, and it was only to carry out the intent of Congress that it was decided that the plans should be made in the near future.

The CHAIRMAN. So far as the completion of the landscape work around the Lincoln Memorial is concerned, it seems to have been definitely decided what that landscape work should be and how it would fit in with any possible improvement connected with the construction of the bridge. Could not that be done without any uncertainty or without making the plans for the bridge necessary at this time?

Col. SHERRILL. The Arlington Memorial was planned with the idea that this bridge would join up with it in some way, but it was not definitely determined.

The CHAIRMAN. I notice that in building the surface up toward the driveway they have raised the elevation several feet.

Col. SHERRILL. Yes, sir.

The CHAIRMAN. I suppose that was done in contemplation of these other improvements?

Col. SHERRILL. Probably, although I think that was rather to get at the proper relief with respect to the park and reflecting pool.

The CHAIRMAN. No; this is on the other side.

Col. SHERRILL. I mean the whole elevation. The ground is raised generally to give the proper grade from B Street and also from the reflecting pool on the other side.

The CHAIRMAN. I am talking about the river side, looking over from Arlington.

Col. SHERRILL. That is because when the Arlington Bridge goes in it will be necessary to have a certain elevation in order to cross without a draw; but the design for the Lincoln Memorial did not include any definite location for this bridge. In other words, there are some of the opinion that the bridge should go off at an angle so as to cross the stream perpendicularly, and there are others who hold the view that it should go off to Columbia Island, with a prolongation of the Mall.

The CHAIRMAN. If it is in a state of uncertainty, it may be that the uncertainty might be resolved into a certainty if you should have more time to think about it. If we should by any mischance appropriate this money while that state of uncertainty existed, might it not be possible that you would have to come and have the dose repeated?

Col. SHERRILL. No, sir; the connection between the Lincoln memorial and the Arlington Memorial Bridge must be designed at once—that is, the designers of the Arlington Memorial Bridge must make a suitable connection with the Lincoln Memorial, and that is the reason why it is essential that it should be done now.

The CHAIRMAN. What difference would it make? They have already completed the landscape side of the Lincoln Memorial.

Col. SHERRILL. On the land side; yes, sir.

The CHAIRMAN. If they have reached the peak of the level that is going to prevail in the long run, would it not be just as easy to connect up with that level sometime in the future as to-day?

Col. SHERRILL. No, sir. If you considered completing the road plans and other work between the Lincoln Memorial and the river, I judge there would be a considerable chance of doing work that would be more or less wasted if you should do it and then have the bridge plans come in later.

Mr. ANTHONY. There is a clay bank about 10 or 12 feet high along the roadway. Is it your idea to complete the grade right up to the river and make that the approach to the bridge?

Col. SHERRILL. I have given this bridge matter a great deal of study lately, and the best opinion I can offer on that question is that there will be a continuous roadway along the Potomac.

The CHAIRMAN. Where you are filling?

Col. SHERRILL. Yes, sir. I think that probably the best treatment would be to have a roadway along the Potomac to go under the approach to the Arlington Bridge, and then the Arlington Bridge

itself would be in the locality of the Lincoln Memorial, with a suitable entrance there, with one road going in this direction [indicating] and another across the bridge in this direction [indicating] to join with the lower bridge at B Street. Here [indicating] is a small sketch which shows one idea of the bridge there. If you will notice, there is no continuous roadway here [indicating]. That road intersects about here [indicating], and it was in existence when the Lincoln Memorial was built. Now it seems that it is very desirable for that roadway to be made continuous, because the people who go from Potomac Park into Rock Creek Park should not be forced to come around by the Lincoln Memorial, but the Lincoln Memorial should be separated on account of its importance, and should be a sort of shrine. This answers your question as to what extent these plans have been made. It was in an uncertain condition.

The CHAIRMAN. This road down here [indicating] is on a lower level. This is where you are filling in [indicating]?

Col. SHERRILL. Yes, sir. You will notice that there is no continuous road there. The old idea was that everybody going in there would come to the Lincoln Memorial and go out, but that would make it a mere street or driveway. It will be better to go along this way [indicating], and the idea is to make this a continuous road into Rock Creek Park. Then, if anybody wants to go to the Lincoln Memorial, they will go there for that specific purpose.

Mr. SISSON. How do you go on to that bridge?

Col. SHERRILL. As you go on the bridge, you come down B Street, down to the Lincoln Memorial, and on to the bridge, but if you go by way of the park, you go this way [indicating]. The roadway over there [indicating] comes by the Lincoln Memorial elevation, and then comes right to the bridge there [indicating]. This other road would come right in here [indicating] on a lower level.

Mr. SISSON. You have two roads in there?

Col. SHERRILL. Yes, sir. That road there was gradually raised to the level of the Lincoln Memorial. The other day one of the prominent architects who has been associated with this memorial was quite anxious that this bridge should be carried out here [indicating] and then bend back, and there are other architects who think this the most sensible scheme. I think it is also, because it would be foolish to build any bridge obliquely across the stream. I discussed that with Mr. Bacon, who designed the Lincoln Memorial, and he insists that by all means we should build it on these lines, because it will be foolish to do something that would not be sound economically. That indicates the different views that prevail.

The CHAIRMAN. Has anybody made any calculation of what the bridge would cost?

Col. SHERRILL. Not on this site. This has been studied many times, and according to the old studies, I think, it went from the foot of New York Avenue. We have a good many detailed studies of that. As a matter of fact, this bridge has been under consideration since 1886, or for, at least, 40 or 50 years.

The CHAIRMAN. And eventually it will be done.

Col. SHERRILL. It will be done slowly. There were a number of designs made about 1897, I think, and I have a drawing of one of them here. The suggestion has been made that this drawing be modified to fit this site. One objection was that it was drawn for an

entirely different condition, as you undertake to modify and bring it over here, there will be a tendency to hold on to those things that they developed there. The architects believe that it will be better to have some design which will thoroughly harmonize with this design.

Mr. CANNON. I am on that commission, and had something to do with the Lincoln Memorial. By what authority have those improvements been made reaching out toward the Washington Monument, or by what authority are you encroaching further upon the river there?

Col. SHERRILL. There has been no encroachment, but the act of March, 1913, creating the Arlington Memorial Bridge Commission authorized the completion of the plans for this bridge.

Mr. CANNON. But you are doing some work there, or you are doing some filling in there?

Col. SHERRILL. The filling in there is being done without cost to the Government at all. That is being done by the District of Columbia simply to take care of their refuse.

Mr. CANNON. By what authority does the District of Columbia do it?

Col. SHERRILL. I think that was done in accordance with your commission.

Mr. CANNON. The commission has never taken any action about that, the filling in.

Col. SHERRILL. On the island?

Mr. CANNON. Yes, sir.

Col. SHERRILL. I know nothing of that.

The CHAIRMAN. That is under the river and harbor act?

Col. SHERRILL. Yes, sir.

The CHAIRMAN. There is a road down here [indicating], but they are making one down here [indicating]?

Col. SHERRILL. The reason for that was the fact that the road had to be removed so the Lincoln Memorial grounds could be properly graded around the memorial.

Mr. CANNON. That is very likely; I am not finding any fault; but I am not aware of any legislation or any authorization.

Col. SHERRILL. My impression was that legislation was given for building a sea wall in there [indicating] with the intention of the District building behind. Congress has authorized the extension of that sea wall recently up here [indicating] in connection with the Rock Creek Park Drive.

Mr. CANNON. Who has charge of that, the District?

Col. SHERRILL. I have.

The CHAIRMAN. The Colonel has charge of that under authority of Congress.

SATURDAY, NOVEMBER 12, 1921.

BOARD OF MEDIATION AND CONCILIATION.

STATEMENT OF HON. MARTIN A. KNAPP, UNITED STATES CIRCUIT JUDGE.

FOR PAYMENT OF SALARIES, INVENTORY OF PROPERTY, ETC.

The CHAIRMAN. Judge, for some time, as you, of course, are aware, the Board of Mediation and Conciliation was functioning. After the passage of the transportation act, I think it was the feeling of this committee from what I can learn that the work done by the board could be done through other agencies, and the result is they did not appropriate for the activities of the board for 1922, but we have an estimate now of $8,000 providing for the closing up of the business of the board and for the salaries or compensation of clerks or other employees of the board accrued or that may accrue to the date of the closing of the business of the board; payment of all outstanding indebtedness incurred by the board during the fiscal year ended June 30, 1921; and the inventory of the property and records of the board and their delivery to the proper department of the Government. I am sure the committee would be very glad if you would tell us what the board has been doing and whether there is any necessity for making any additional appropriation? I may say that the thought of the committee when they refused the appropriation was that there was not any further work for the board to do, and they assumed that the failure to make the appropriation would be tantamount to a repeal of the law. As you know, the law has not been repealed.

Judge KNAPP. That is the precise situation. There was a failure to appropriate, but the board was not abolished and so the matter has run along. It is quite true that since the passage of the railway labor act which, among other things, created a railway labor board, the old Board of Mediation and Conciliation has had very little to do.

The CHAIRMAN. Has the board been doing anything since the Congress failed to appropriate?

Judge KNAPP. Nothing has been done, and approaching the 1st of July, when the appropriation expired, the effects, records, documents, furniture, etc., were moved to a Government building at the corner of Eighteenth and B Streets, where there were satisfactory accommodations; and I might say that under the law creating the board of 1913 all the records of labor controversies in the old Bureau of Labor in the Department of Commerce, of which Dr. Naill was so long the head and of which Mr. Hanger, now a member of the Railway Labor Board, was assistant, all records of railway labor disputes in the Interstate Commerce Commission which had accumulated during the period of administration under the Erdman Law, as well as any that were filed with the commerce court, were required to be turned over to the Board of Mediation and Conciliation, and that was done. So that there is a very large accumulation of records, documents, and papers of one kind and another, some of which are of a good deal of value and concerning which inquiries have not been infrequent. It would seem the perfectly fitting thing that these documents should be put

in proper order, some disposition made of the furniture, and the accrued salaries of the members of the board paid rather than compel them to go to the Court of Claims.

The CHAIRMAN. Inasmuch as the sundry civil act, which became a law on the 4th of March, 1921, failed to carry any appropriation for this activity, it occurred to me the board had ample notice that they were not going to have an appropriation for 1922, and that they should close up their affairs between the 4th of March and the 1st of July of that fiscal year, but they did not seem to do that.

Judge KNAPP. I do not think I can tell you why. I was away much of that time, but I was under the impression it was not definitely known there would be no appropriation.

The CHAIRMAN. It was known on the 4th of March, 1921, because the law became effective on that date, so it must have been pretty definitely known.

Judge KNAPP. Yes; but something must have occurred after that.

The CHAIRMAN. It may be no special notice was sent to any member of the board.

Judge KNAPP. There was more than that. There was some negotiation and some talk about it. I am quite sure it was not definitely understood, certainly not by me, until nearly the 1st of July, that no appropriation would be made for the next year.

The CHAIRMAN. There is no definite term fixed in the law during which the assistant commissioner shall serve, but there was a definite term fixed for the commissioner.

Judge KNAPP. Yes.

The CHAIRMAN. And I think the committee thought that inasmuch as there was no definite term fixed for anybody but the commissioner, that the mere failure to appropriate would be tantamount to a repeal of the act, and that all of these people would cease to function. Are you able to tell us, Judge, who the commissioner is and who is the assistant commissioner?

Judge KNAPP. Judge William L. Chambers is the commissioner and has been since this law was enacted in 1913, at a salary of $7,500, and the assistant commissioner is Mr. Whitehead Kluttz of North Carolina, whose salary is $5,000.

The CHAIRMAN. Are you able to say whether they have been drawing their salaries recently?

Judge KNAPP. I know they have not been because there is no appropriation from which they could be drawn since the 1st of July.

The CHAIRMAN. If we fail to appropriate now, is it your opinion that the commissioner and the assistant commissioner would still continue to feel they had salaries coming to them notwithstanding they have no service to render, and there was no appropriation from which they could be paid?

Judge KNAPP. Perhaps, I ought not to undertake to say what they feel.

The CHAIRMAN. What is your opinion about it under the law?

Judge KNAPP. I have never examined the question, Mr. Madden, but I assumed it is well settled that the mere failure to appropriate for the salary of a Government officer does not relieve the Government from the obligation to pay that salary as long as he remains in office, and I suppose they would have a right of action in the Court of Claims.

The CHAIRMAN. How much is due the commissioner and the assistant commissioner?

Judge KNAPP. It will be six months on the 1st of January, and that will be $6,250.

The CHAIRMAN. If we pay that, what would happen in the future; would they still go on?

Judge KNAPP. Why should you not abolish the board? That will end it.

The CHAIRMAN. That is a very pertinent question.

Judge KNAPP. Personally, I think it was a mistake not to make the regular appropriation. It is true that nearly all of the disputes over which the Board of Mediation had jurisdiction are now subject to the jurisdiction of the Railway Labor Board, but there are some ambiguities about that board, because it says that before they can go to the Railway Labor Board they must exhaust all other means of settlement. That might be construed, and very reasonably, to mean they must utilize the services of this Board of Mediation. The Railway Labor Board, I think, has never passed on that question. Of course, I do not need to tell you that the railway labor situation seems rather uncertain and disturbed, and it may turn out that the present method of adjusting controversies of that sort will not be altogether successful.

I am vain enough to think that the record shows that the Board of Mediation and those who performed similar duties under the old Erdman Act were instrumental in settling a great many serious railroad controversies. Indeed, I think it rather surprising, when one takes into account the conditions which prevailed, say, from about 1905 or 1906 to the time when the railways went under the control of the Government, the number and severity of the strikes which occurred during that time in the industries and on the street railways—I think it is rather noteworthy that during all of that period there was practically no interruption of interstate service on the railroads.

Mr. ANTHONY. Of course, the old board had no power to enforce its decisions.

Judge KNAPP. No.

Mr. ANTHONY. Would you undertake the decision of a case unless both sides would agree to accept your award?

Judge KNAPP. We never decided anything.

Mr. ANTHONY. Did you require the parties to the controversy to accept your verdict?

Judge KNAPP. No; we had no power at all.

The CHAIRMAN. You just assembled the facts?

Judge KNAPP. Have you a moment for me to explain that?

The CHAIRMAN. Certainly.

Judge KNAPP. As far back as 1898 there was considerable agitation for a railway arbitration law and one was passed, as was supposed, bearing the name of one Erdman, who was in Congress here a short time, I think from Pennsylvania. By some good fortune that act contained a provision which I think embodied a principle for the first time incorporated in any legislation; that is, the principle of Government mediation as entirely distinguished from arbitration. The whole theory was to prevent strikes from interfering with the operation of the railroads. It contained a provision that if any contro-

versy arose affecting these classes of employees engaged in train operation, either party might appeal to the chairman of the Interstate Commerce Commission and the Commissioner of Labor, whose duty it should be to put themselves in communication with the parties and endeavor by mediation and conciliation to bring about a settlement, and failing in that, it was made their duty to endeavor to induce the parties to enter into an arbitration, and then the law followed with somewhat elaborate provisions for the arbitration.

The CHAIRMAN. In other words, you would try to bring them together on the basis of good will?

Judge KNAPP. After a while this mediation feature became the distinctive one, and as I happened to be the chairman of the Interstate Commerce Commission during that period, and Dr. Neill, the Commissioner of Labor, we were presently called upon and afterwards called upon in a great many instances, and I have been up against these labor leaders and railroad managers many times. We tried to do just what you would do if two of your neighbors had a dispute. You would lend your friendly counsel and aid to try to get them together, with the advantage in our case, that of course we, in a sense, represented public authority; and as a matter of fact, we did succeed in settling a large majority of all the controversies.

The CHAIRMAN. I think you did a lot of good work. I recall your work very well.

Judge KNAPP. And when we failed of a settlement we always got an arbitration, and there have been some very important arbitrations, as you know, some of the most prominent men of the country acting as arbitrators, and personally, I regret and have regretted all the time that that principle in the law was entirely eliminated when Congress came to enact the transportation act.

Mr. ANTHONY. That is, the right of the Government to mediate?

Judge KNAPP. Yes. You understand the great advantage of that method is that it brings the parties, or attempts at least to, and generally does, to a voluntary settlement. They make a new contract; they have consented to everything. There is no judgment against anybody. There is no sting of defeat to either one. It is the thing they both agree to do, and it often happened in my experience that where the relations between the management of a given railroad and its employees of one class and another becomes strained by one thing and another, accumulated until there was a threat of strike, then after long negotiation and effort, many times lasting well toward morning, they would come together and they would agree, with a reaction of cordiality and good feeling which is simply astonishing. I remember one night in a hotel in St. Louis after we had been there for a week with a most serious threat of a strike on all those southwestern roads, we finally got a settlement about 3 o clock in the morning, and they all came in and there was a veritable love feast.

The CHAIRMAN. The best way to do that, as my own experience proves, is to let the two belligerent forces go into a consideration of the matter, and then when they fail to agree to let some new element come in.

Judge KNAPP. You understand we never brought the parties together. We would see one side and then the other, and, of course, much depended upon the confidence both sides had in the mediators.

and I am vain enough to think that both Dr. Neill and myself did have the confidence to a very great degree of both sides. They would tell us with perfect frankness what was the real trouble and what they would be willing to do when they would not say that to the other side across the table, because, it is this way: If I am a railroad manager here and you are the labor leader over there, if I indicate a willingness to make such and such concession, you immediately think I am afraid of a strike and that leads you to increase your demands, and the same way on the other side. So we never would let one side know what the other side was willing to do until we brought them both to a common ground.

The CHAIRMAN. Judge, you think we ought to repeal the law but before we repeal it we ought to pay these men. That is the sum and substance of it.

Judge KNAPP. I have already said that the whole railway labor situation is involved and uncertain. We do not know what may happen. I have felt, and still feel, that it is wise to keep this board alive as an insurance, as an agency, to be called upon in any emergency which may arise. We do not know when it may break out. The settlement of an unimportant strike might be worth many times more than the $20,000 or $25,000 which it would cost to keep this board in operation. However, that is entirely for the Congress to decide.

Mr. CANNON. As I understand, unless we repeal this law, those still in office could claim their salaries?

Judge KNAPP. I think so. As I said, I have never examined the question, but I have understood that is so and have assumed it. I can only repeat that I think this is a sort of insurance.

MONDAY, NOVEMBER 7, 1921.

DISTRICT OF COLUMBIA.

STATEMENTS OF MR. CUNO H. RUDOLPH, MR. JAMES F. OYSTER, COMMISSIONERS, COL. CHARLES KELLER, ENGINEER COMMISSIONER, DISTRICT OF COLUMBIA, MAJ. CAREY H. BROWN, ASSISTANT ENGINEER COMMISSIONER, MR. DANIEL E. GARGES, SECRETARY TO THE BOARD, MR. DANIEL J. DONOVAN, AUDITOR, AND MR. H. L. GESSFORD, MAJOR AND SUPERINTENDENT OF POLICE.

ADDITIONAL POLICE FOR TEMPORARY SERVICE.

The CHAIRMAN. Gentlemen, if you will turn to page 5 you will find the items that refer to the District of Columbia, and we will pass over everything in connection with them to the point where the District is asking for some additional police for temporary service during the Limitation of Armaments Conference, and I wish to say in this connection that the reason we have not taken the bill in the order in which the items appear is that the District Government seems to feel that there is pressing need for early consideration for the request for extra police during this period, and if the authority

to employ them is to be granted at all, it should be granted at once, and that is why we have called the District Government in this early, Nobody knows what the attitude of this committee will be on the question of allowing additional police, first, because there is some doubt in the minds of all here as to the wisdon of having five or six different departments of the Government functioning in this activity. We have allowed the State Department funds for what was presumed at the time they came here to be all the activities that might arise including secret service protection for those who come from abroad during the conference, but we are not committed, and we will be delighted to hear whoever wishes to make a statement as to the need for this appropriation.

Mr. RUDOLPH. I might say at this point, Mr. Chairman, that at a conference with the State Department six weeks ago, we were told we could expect no help whatever, financially, from them; that they would require everything that was allotted to them for their particular functions.

The CHAIRMAN. We did not think you would get any part of that appropriation, but my thought was, and I think it was the general thought of the committee, and if I am wrong I would like to have the members correct me, that the State Department had facilities to provide for a secret service and to do whatever was necessary for the proper safeguarding of those who come here as guests of the country. However, as far as I am concerned, I would like to see a quick disposition made of this item so you will know just exactly what we are going to do. If we are going to be opposed to it, we ought to tell you, and if we are for it, we ought to act at once.

Mr. BYRNS. If you will pardon me, Mr. Chairman, my recollection is that when the appropriation was recommended by the committee, it was understood that a certain portion of it, which was expressly allowed by the committee, was for the protection of the delegates. I do not mean to say that that was written into the appropriation, but it was understood by the committee that a certain portion of the fund was to be used for that purpose.

The CHAIRMAN. That was my understanding of it. Mr. Oyster, are you going to present the case for the commissioners?

Mr. OYSTER. Mr. Chairman, I have not very much to say on the subject of the need for this money, but Maj. Gessford is here and can better describe the requirements and the demands that might be made upon the citizens for protection. The present force is absolutely inadequate to cope with any condition more than the normal condition, and hardly that. There will be many details asked for upon the part of the police, and the major I think has worked out a program as to about how many men are likely to be needed on this special detail work. That will take from the force, of course, and weaken it very considerably. As it is now, we have not more than 300 people on duty at any one time. With those on leave of absence and sick and on detail, we would be very much handicapped if we are asked for any additional help or details. Mr. Chairman, I would be glad to have Maj. Gessford explain that item if he will.

The CHAIRMAN. We will be glad to hear him.

Maj. GESSFORD. My object, Mr. Chairman, in petitioning the commissioners for this additional money was that the police department will be called upon for extraordinary service during the entire con-

ference, the length of which we do not know. It may run for one month or six months. These delegations arriving here now for the last 10 days require a detail of men to look after them at the depot, to clear the Plaza, look out for them at the places where they are stopping, and the State Department requires us to have a detail at the residence of each delegation for each 24 hours. At the present time I have 27 men so detailed, which takes that many from their regular patrol duties.

The CHAIRMAN. Is the matter any more important now than it was during the period of the war when we had so many more people coming here from all over the world than we will have at this conference?

Maj. GESSFORD. Yes, sir; and I was not called upon to make these permanent details that I will be called upon to make during this conference, and owing to the unsettled conditions throughout the country which you gentlemen are more familiar with than I am, I think, as a precautionary measure, we have got to properly police our city, and during the conference we will be called upon to have a detail each day at the buildings being used, which will take that many men from their patrol duties, and to properly protect the city my idea was, when I made this request, that it would necessitate at least 100 of our men for this duty, and to supplant these hundred men it will be necessary to appoint 100 additional privates for regular patrol work.

The CHAIRMAN. The men you would put on for this work will be inexperienced men?

Maj. GESSFORD. Inexperienced; yes, sir.

The CHAIRMAN. Would they be the men selected?

Maj. GESSFORD. They would take the place of the uniform men I would use on these several details.

The CHAIRMAN. You would transfer men in citizens' clothes.

Maj. GESSFORD. These special officers somehow or other rake up a part of a police uniform, and we try to keep them on duty with a regular man. Where there are two men, there will be one additional private and a regular police officer. Moreover, during the entire conference there will be continual social functions in the city, entertaining by not only our President and the members of the Cabinet, but our citizens will entertain with receptions, and so forth, and all those matters call for extra details. We have to police them. We will also have a permanent detail down at the buildings in which the conference is being held right along. As far as the amount of money to be expended is concerned, there will not be a dollar of expense but what is actually necessary, and if we can get along without these additional privates or cut down the number at any time, we will be only too glad to do it, because it inconveniences us to some extent to have these men around, not being regulars, but the unwarranted publications in certain newspapers that this city is overrun with a crime wave, which there is no truth in, can not but have the effect of inviting the pickpocket and the burglar, and it is an invitation for them to come here.

Mr. WOOD. Do you mean to say that these reports in the newspapers with reference to more crime being committed here than any city of its size in the world are not correct?

Maj. GESSFORD. They are not correct; no, sir.

Mr. WOOD. Do you mean to say the reports in the paper yesterday morning with reference to the action of these policemen in assaulting this man and woman down here and another policeman assaulting a young girl are not correct?

Maj. GESSFORD. We had a charge or information that a policeman had assaulted a child and we took the party who brought that information and procured a warrant and placed the man under arrest.

Mr. WOOD. It would occur to the ordinary observer that what the people here need is protection against the police department.

Maj. GESSFORD. We have a very good police department here which will compare favorably with any police department in the United States. I have appointed since I have been at the head of the department 400 recruits.

Mr. WOOD. Is not the War Department cooperating in this business?

Maj. GESSFORD. They undoubtedly will.

Mr. WOOD. Why would it not be a good deal better to have soldiers doing this detailed work rather than some green man. There are plenty of soldiers around here that have not much to do.

Maj. GESSFORD. We will not have green men on that work. They will be regular policemen. I am called upon by the State Department to give them this protection.

Mr. WOOD. Why would not a soldier do just as well to watch these houses and stand about on the sidewalk like you have policemen doing now. It seems to me a soldier can do that just as well as a policeman.

Maj. GESSFORD. No; he would not be trained in police work, and I do not think he would be as observant as a policeman. He would be there on guard and stand there motionless; or he might parade up and down in front of a door.

Mr. WOOD. They are supposed to be trained in discipline and to have at least as much of that as a policeman.

Maj. GESSFORD. They may be trained in their line of work, but a policeman is supposed to be observing and be acquainted with undesirable characters, and during the ceremonies incident to the burial of the unknown soldier my idea was to send out and bring in trained men who specialize on pickpockets, anarchists, and notorious crooks. My desire was to have them here at least during three days, the 10th, 11th, and 12th.

The CHAIRMAN. Major, your idea is that on account of the increased number of social functions, etc., you would have to make a great many more details than you would otherwise be called upon to make, and therefore you think it would be wise to get authority for the employment of additional policemen?

Maj. GESSFORD. Yes, sir.

The CHAIRMAN. That is the sum and substance of it?

Maj. GESSFORD. That is the sum and substance of it, because my force will be depleted by the extraordinary details called for from time to time, and, of course, we do not know how long this will last. I have been informed it will last from one month to six months. Of course, if it was only a week, or something like that, I would work my men extra time, but when it comes to an extended time, it would be impossible for us to keep the city properly patrolled with the present force.

Mr. BYRNS. I notice you have an estimate here of a comparatively small amount for special policemen for the burial of the unknown soldier which is to take place on next Friday?

Maj. GESSFORD. Yes, sir.

Mr. BYRNS. That is due, I presume, to the fact that you expect an immense crowd here?

Maj. GESSFORD. We do.

Mr. BYRNS. Is it customary to ask for special policemen for special occasions like that lasting for a day or two?

Maj. GESSFORD. It is customary during all of the inaugural parades, and the majority of the people are under the impression there will be as large a crowd here as during an inaugural, on which occasion it is always necessary to ask for additional privates. It will be necessary to have these men for three days. I would appoint about 200 men for the 9th, 10th, and 11th, and I would drop about 100 of them after the third day. Then I would keep as many as I thought necessary to substitute for the men who were detailed in connection with the conference.

Mr. BYRNS. Of course, the question of whether or not you have a sufficient number on your permanent force is one thing, and the question of whether you need special men for a particular occasion like the one which is to occur the last of the week is another. My inquiry was prompted more by this fact: While it is true that there was probably not as large a crowd, yet in my home city of Nashville, we had a reunion of the Thirtieth Division last Friday and Saturday, and there were 75,000 or 100,000 people there, so the papers report, and yet there was no extra appropriation for additional policemen, and yet that town, which is a much smaller town than this, was absolutely overrun with crowds of visitors for those two days.

The CHAIRMAN. We are not likely to have that many people here.

Mr. BYRNS. I do not know about that. I was speaking particularly of the burial of the unknown soldier.

The CHAIRMAN. I do not think we will have as many people here as that, although we may have; but after all, that is only an incident and is only for one or two days, and it would certainly be a very great innovation to increase the police force for just one or two days.

Maj. GESSFORD. We do it during the inaugural period.

The CHAIRMAN. Do you get special authority for that?

Maj. GESSFORD. Yes, sir; the force is increased by act of Congress.

Col. KELLER. Mr. Chairman, I do not think the major made it quite clear that every special guard he is required to put on for a foreign delegation requires three men, because there are three reliefs, and that accounts for some of this money.

Mr. BYRNS. Is it the idea to guard the buildings in which these delegates are housed?

Maj. GESSFORD. Yes, sir.

Mr. BYRNS. Referring to the question of Mr. Wood, why could not soldiers and marines do this work? We have them here in the city and down here at the Marine Barracks, which is only a few blocks from the Capitol. Why could not the War Department and the Navy Department detail soldiers and marines to stand guard in front of these buildings?

Maj. GESSFORD. Mr. Byrns, those soldiers are not familiar with the laws and police regulations, and they are further not familiar with

conditions in the city. This detail of policemen is requested by the State Department. For instance, now, take the Shoreham Hotel, the Powhatan, and the Willard; when the delegates go in there we detail a man at the entrance of those places. He is on immediate call in case anything should happen in the building, or if there was a suspicious character around in that vicinity he would take prompt action, whereas a soldier would not be in position to do that.

Mr. BYRNS. I remember during the war we had soldiers stationed around the White House, we had soldiers guarding the British Legation, and we had soldiers guarding the French Legation. I remember passing those buildings where they were located out on Sixteenth Street and seeing quite a detail of soldiers there.

Maj. GESSFORD. And, independent of that, we had to have policemen detailed there. They called on us and depleted our force for the work of looking after each delegation that came here to visit this city during the war. They called on us for extra details at all the places where these different representatives of foreign countries stopped during their visit here during the war independent of the military guard.

The CHAIRMAN. We are only to have four representatives from each nation in the ambassadorial class and there are four nations. All the others are simply advisors, clerks, economists, and so on. Is it contemplated that those people are going to be guarded also?

Maj. GESSFORD. No, sir.

The CHAIRMAN. If you only have 16 people of the class I have just indicated, assuming we were to guard them, that would not take so many men, would it?

Maj. GESSFORD. It would take 48.

The CHAIRMAN. You mean you intend to have one for each man?

Maj. GESSFORD. Of course, if they doubled up, and half of them were stopping at the Willard, I would not have more than two men there.

Mr. KELLEY. It seems to me, Major, that this suggestion of Mr. Wood would fairly meet your requirements through having the assistance of the Marine Corps?

Mr. BRANDENBURG. Will you permit me to answer that, Mr. Chairman?

The CHAIRMAN. Certainly.

Mr. BRANDENBURG. I happen to be chairman of the subcommittee of the citizens' committee, which is making whatever arrangements they can for this conference, and I prepared this joint resolution after a conference with various gentlemen on that committee, all of whom are business men, all of whom are very anxious to keep down the taxes and prevent the expenditure of any money they possibly can avoid, because every dollar you put on the District is that much more out of our own pockets. We went into this question thoroughly. We considered first the question of whether or not $25,000 would be ample. We are absolutely in the dark, just as much as you are, as to whether this conference is going to be for one month or for six months. We have no conception of that. We considered the question of the military and went into that quite thoroughly. Our idea is this, here is a conference for the limitation of armament. These foreign people are coming to the United States, and the less they see of the military, we think the better it is going to be. We are object-

ing to so much militarism abroad now, and the idea is that if we use the private police force it will be much more compatible with our position. That is our theory. We may be dead wrong and you may be absolutely right that the military would be the proper thing.

The CHAIRMAN. You do not need even the military because these men are not going to be run away with.

Mr. BRANDENBURG. Oh, no; but the suggestion made by Mr. Wood and Mr. Kelley was that they put some of the marines there, or some of the soldiers.

Mr. SISSON. You know that the marines are not looked upon as military at all. If you land one soldier in Italy or France or England without the permission of that country to guard certain American property, that is an act of war, but you can land a whole regiment of marines and that is police duty.

Mr. BRANDENBURG. That is true.

Mr. SISSON. That is the difference that is made. The marines are distinctly, by all international law, policemen.

Mr. BRANDENBURG. That is true.

Mr. SISSON. And if there is one duty that the marines can perform, which is unobjectionable under all the laws of nations, that is to have the President of the United States detail them to guard these diplomats and ministers.

Mr. BRANDENBURG. Of course, that is a matter for you gentlemen to pass upon.

The CHAIRMAN. Mr. Brandenburg, do you think the presence of a marine would prejudice the minds of any of these people?

Mr. BRANDENBURG. I can not say so, Mr. Madden; honestly, I can not, but the theory was——

Mr. SISSON (interposing). If that is the psychology of it, then we ought to take these belts and the uniform off of our commissioner. He ought to be stripped of that and made to wear citizen's clothes so these men might not see him in uniform.

Mr. BRANDENBURG. It will not be long before he is in citizen's clothes, because I do not think the Secretary of War is going to keep him in uniform very much longer. Of course, the uniform has only come since the war has been on.

The CHAIRMAN. You understand that these people from abroad are bringing over a number of generals and all grades of military men with them as advisers, and I do not think they are very much afraid of that sort of thing.

Mr. BRANDENBURG. I do not think they are afraid, Mr. Madden—do not misunderstand me. We have no fear of that at all. Our idea is that this is really in the nature of a peace conference. It is a limitation of armament and is not a disarmament conference, and our idea is that the less military there is about it the better it is.

The CHAIRMAN. You have now said about all you want so say on that?

Mr. BRANDENBURG. Just one more word and then I am through, Mr. Chairman. I do not think the major was quite correct, or at least he did not follow out the idea of this committee, in stating that these policemen would be required solely for social functions. I think he is not quite correct there. Our idea is that nearly all of these delegations will require police protection or require some p-

tection, and for that reason we as citizens feel, and we have no interest except as citizens, it would be becoming that sufficient police authority be given for the protection of those people.

The CHAIRMAN. If there is no one else connected with the city government who wishes to be heard on this subject, I will make this suggestion to the committee and to you gentlemen: As I stated at the outset, we ought to decide the question right away so you will know what we are going to do, and if you will just step into the other room for about 10 minutes we will have an executive session to consider the matter.

Mr. SISSON. I want to ask one other question. What would you gentlemen do if Congress were not in session? Of course, this conference is called and has nothing to do with any session of Congress, and this happens to be a special session.

Mr. BRANDENBURG. I do not think we would be in the hole any more than we ever have been. We would simply put our shoulders to the wheel and do the best we can. We have already sworn in of our own citizens, as assistants, about 350 men.

Mr. SISSON. Yes; I noticed that, and I do not know whether you were acting very wisely or not.

Mr. BRANDENBURG. That may be true.

Mr. SISSON. I will not discuss that, however, because that has already been done.

Mr. BRANDENBURG. I am not one of them.

Mr. SISSON. I do not know what responsibility your municipal officers are assuming in putting a lot of irresponsible people on the police force who are not under bond and not under your absolute control.

The CHAIRMAN. Policemen are not under bond.

Mr. SISSON. I know they are not, but they are under the absolute control of the commissioners, while these men are not. I do not know whether you have acted very wisely or not. I hope you have.

The CHAIRMAN. It is the unanimous opinion of the committee that this is a matter that should be entirely under the jurisdiction of the State Department; that it is an international obligation, if we have any obligation, over which the State Department has jurisdiction. The State Department itself has a secret service organization; it has access to the secret service organization of the Treasury Department, of the Navy Department, of the War Department, and of the Department of Justice, and a mere request from the Secretary of State to any or all of those departments will find ready response in any number of men that he may think proper to call for, whether they be in uniform or in civilian clothes. If he thinks it is proper that they should be in uniform, of course, he will call for marines. The marines are essentially a police organization; they have nothing of the military tinge about their makeup, except bravery in battle, and the committee thinks it would be unwise to inaugurate a policy of this sort on an occasion like this, and thereby establish a precedent for the future. Therefore, we have decided definitely and conclusively that we will not make this allowance, and we hope you will take it in good grace, because we have not just arbitrarily said that we will not do a thing, but we have simply said it because we know that we have other avenues of approach through which all the facilities required can be supplied. We thought that the importance

of the situation was such that you ought to know at once what you were going to be able to do. For that reason we did not delay, and, as one gentleman has said, since it is the duty of the Chief Justice to pass sentence, I have passed it as gracefully as I knew how.

SURVEYOR'S OFFICE—TEMPORARY DRAFTSMEN, COMPUTERS, ETC.

The CHAIRMAN. For the services of temporary draftsmen, computers, laborers, etc., in the surveyor's office, you ask for $4,000. Tell us what you know about that.

Maj. BROWN. The appropriation for several years previous to 1922 had been $8,000, and it is believed that the amount was cut down to $4,000 through a misapprehension which occurred in the Senate. The Congressional Record of January 19, 1921, page 1716, will indicate that the appropriation was cut in two through error, and it was too late for a correction to be made. It was the erroneous impression of certain members of the Senate Committee that out of this appropriation was paid the salary of an individual in the District Building, and the amount of his salary was cut out of that appropriation. That impression was entirely erroneous, because this particular individual is not an employee of the surveyor's office.

The CHAIRMAN. Do you mean to say that this cut was made to stop the salary of some single individual?

Maj. BROWN. It would appear so from the page of the Congressional Record I have referred to.

The CHAIRMAN. That is a serious charge to make against the Senate.

Maj. BROWN. It is not made as a charge. I simply referred to record as explaining the reason of the cut.

The CHAIRMAN. What is the unexpended balance in this fund now?

Maj. BROWN. Of the $4,000, we had to allot the amount throughout the year. It was allotted $3,000 to the first half and $1,000 to the second half of the year, with the idea that if we were unable to obtain any additional funds, we would be obliged to cut the force of the surveyor's office during the second half of the present fiscal year.

The CHAIRMAN. What is the duty of the surveyor?

Maj. BROWN. The surveyor prepares all plats ordered or called for by the District of Columbia or by private individuals. One feature of his work which has been very large during the first half of this present fiscal year consists of plats which he is called upon to provide for private parties, particularly in connection with building operations.

The CHAIRMAN. For subdivisions?

Maj. BROWN. For subdivisions and for buildings.

The CHAIRMAN. Does the Government of the United States or the District of Columbia provide plats for subdivisions made by private parties?

Maj. BROWN. Yes, sir.

The CHAIRMAN. Do you make the surveys?

Maj. BROWN. Yes, sir.

The CHAIRMAN. I thought that private parties themselves or through private surveyors made the surveys, and that they were only required to have them approved and recorded.

Maj. BROWN. No, sir; they are made by the surveyor's office. Of course, a private party may get a private surveyor to make a tentative subdivision plat, but the final plat must be prepared by the surveyor.

The CHAIRMAN. Prepared or approved by him?

Maj. BROWN. It must be actually prepared by him. The private surveyor may make a layout which is intended more or less as a guide for the surveyor, but the plat actually approved by the Commissioners must be made by the surveyor's office.

Mr. WOOD. Does he make any charge for that service, or is any fee paid?

Maj. BROWN. Yes, sir; that work is on the fee basis, but those fees go back into the United States Treasury, so that this appropriation does not receive anything from that source.

The CHAIRMAN. Does the surveyor's office do the field work in connection with those surveys?

Maj. BROWN. Yes, sir.

The CHAIRMAN. As well as the office work?

Maj. BROWN. Yes, sir.

The CHAIRMAN. Is there a sufficient amount of building now on hand to justify an increase in this appropriation?

Maj. BROWN. Building operations have been very large, and the monthly building permits for two of the past four months have exceeded $3,000,000 in value. The work is exceedingly large, and every one of those building permits means some work on the part of the surveyor's office. The appropriation receives no return from the fees, as they go into the Treasury, and this year's appropriation is particularly hard pressed now.

Mr. WOOD. What is the amount of fees collected?

Maj. BROWN. The surveyor's office is practically self-sustaining. I can not give you the exact amount.

The CHAIRMAN. What do you mean by saying it is self-sustaining, or upon what basis is it self-sustaining?

Maj. BROWN. From the income from the fees.

The CHAIRMAN. On the basis of $4,000 or $10,000?

Mr. DONOVAN. $30,000.

Maj. BROWN. There is one other general appropriation of $2,000, and the total appropriation for the surveyor's office amounts to about $30,000. The collections from fees during the last year were in the neighborhood of $25,000.

Mr. DONOVAN. They were $25,355.87.

Maj. BROWN. The balance between that amount and the appropriation of $30,000 represents the amount by which it was not self-sustaining, and, in addition to that, the surveyor's office does whatever public work is required. There is a great deal of that to be done in the preparation of plats in which only the District government is interested.

The CHAIRMAN. How nearly current is the work on the basis of the present appropriation? You stated that you have allotted $3,000 of the $4,000 for the first six months.

Maj. BROWN. We must keep up with the applications for building plats. That work must be kept current, because we believe that is our duty. We can not hold down on private parties, but the surveyor's office is somewhat behind on its own work, or work purely

for the District of Columbia. For example, if we wished to study the alley layout in certain squares, the surveyor's office would have to do that preparatory to ordering condemnation for additional alleys, etc., but on such an item as that we would have to hold back, because, as I have said, the surveyor's office is hard pressed.

The CHAIRMAN. How many additional computers and draftsmen would you need, or how many would you be able to employ under this appropriation?

Maj. BROWN. Out of the additional $4,000, the salaries of those men for half a year would probably not be greater than $750 apiece, and that would give us approximately six additional men for half a year.

Mr. SISSON. Following up the question asked by Mr. Wood, will you put in the record a statement showing what you have received to date, in this fiscal year, in the shape of fees for the surveyor's office, and then give us a statement covering a year or two preceding, so that we may see about how the fees run for the surveys?

Maj. BROWN. I will do so.

Receipts and salaries, surveyor's office, District of Columbia.

July 1, 1919, to June 30, 1920:	
Receipts	$27,557.85
Salaries	30,322.68
July 1, 1920, to June 30, 1921:	
Receipts	25,355.82
Salaries	30,346.96
July 1, 1921, to Oct. 31, 1921:	
Receipts	12,096.10
Salaries	9,637.02

SCHEDULE OF FEES.

Mr. SISSON. Those fees are fixed by law?

Maj. BROWN. They are fixed by the commissioners in accordance with authority of law.

Mr. SISSON. What is the principle upon which the fees are fixed? In other words, how do you determine what fee would be charged for a certain plat for a person who wanted to build an apartment house, for instance?

Maj. BROWN. The fees with regard to subdivisions are based upon the number of lots included in the subdivision, but the fees for building plats are flat fees.

The CHAIRMAN. Depending upon the cost of the building?

Maj. BROWN. No, sir; for a plat which necessitates no survey in the field, the fee is 50 cents for a single lot and 10 cents for each additional adjoining lot. When field surveys are required the fee varies according to location and number of lines to be located up to a maximum of $8, except for extensive surveys for which the charge is $25 per day of field work.

Mr. SISSON. I was wondering why, if you have a fee system, this fund should not be absolutely self-sustaining, because, so far as I am informed, in the States the surveyors are either absolutely on a fee basis, or the fees are so fixed that the State or subdivision of government concerned actually makes a little money out of it.

Maj. BROWN. I might just cite an instance that came up on yesterday, or Saturday. There came to my office from Maj. Tyler, the District engineer, a request that the surveyor place along the left bank of the Anacostia River certain hubs indicating the lines around the Anacostia Park improvement. Now, that is public work for which there is no fee and, therefore, the surveyor's office can not be made wholly self-sustaining. It can be made largely so, and it is now largely so.

Mr. SISSON. They might make a slight profit.

Mr. WOOD. Those gentlemen who are exacting such exorbitant rental prices should contribute something to this expense.

Col. KELLER. No matter what we charged for the service, the money would go back into the general fund.

Mr. WOOD. It occurs to me that this is one office that could very easily be made self-sustaining.

The CHAIRMAN. That depends upon the amount of public service rendered.

Maj. BROWN. Yes, sir; it is measured by that in a way.

The CHAIRMAN. Are not surveyors' plats needed in order to locate the lines on which buildings are erected?

Maj. BROWN. Yes, sir; and the District surveyor is under bond that these lines shall be run accurately. That makes it necessary that he have the proper number of men and capable men on the job

Mr. ANTHONY. If you are called upon to locate the lines of a lot what are your fees for that service?

Maj. BROWN. The fee is from $3 to $8, depending upon location and number of lines to be located.

Mr. ANTHONY. Out in my country they charge about $10 for that service.

The CHAIRMAN. Where you have it done by a private surveyor?

Mr. ANTHONY. No; by a county surveyor.

The CHAIRMAN. He is paid by fees?

Mr. ANTHONY. Yes.

MUNICIPAL LODGING HOUSE.

ERECTION OF NEW BUILDING.

The CHAIRMAN. For additional amount required for the erection of a new municipal lodging house, you are asking $33,000. We would like to have somebody tell us why this new municipal lodging house should be built at the present time, with the present rate of building costs.

Maj. BROWN. I am here to represent the engineer department more definitely with regard to the question of what it will cost to construct the building according to the plans we now have rather than to represent the real need for the institution. The administration of the institution is not under the jurisdiction of the engineer department of the District of Columbia.

The CHAIRMAN. I would like to ask you, then, so that you may incorporate the answer in your story, what authority there is for the expenditure of this increased sum of money? Is there any law that authorizes an increased cost for the building? If there is not

any law authorizing it, we had as well cut it out at once. It appears that there was no limit. Is the work in progress?

Maj. BROWN. The work has not been started. Under the old appropriation made——

The CHAIRMAN (interposing). You find that it will cost $33,000 more to construct the building that was originally estimated?

Maj. BROWN. Yes, sir; we want a house that will accommodate 100 or more.

Mr. SISSON. Was there a law authorizing the original appropriation?

Maj. BROWN. There is an appropriation of $40,000, and a part of it was expended for the site.

Mr. SISSON. There was a law authorizing it?

Maj. BROWN. Yes, sir.

Mr. SISSON. My recollection is rather dim about it, but I recall there was some discussion of it.

Mr. DONOVAN. That is in the appropriation law. There was an appropriation of $40,000, with authority for the purchase of a site and erection of a municipal lodging house.

The CHAIRMAN. It might be well to inquire right here whether, in addition to this request for a deficiency appropriation, this particular item has been included in the budget of the District of Columbia for the fiscal year 1923.

Maj. BROWN. No, sir; it has not.

The CHAIRMAN. Tell us why this additional cost is necessary.

Maj. BROWN. I have the plans here. The original appropriation was made in 1917, and the site was purchased for approximately $10,000, which was taken from the appropriation of $40,000, leaving a balance of $30,000, approximately. The building as planned can not be built for such a sum. It has not been possible to build it for that sum at any time since the appropriation was made, and it can not now be done for that sum. These plans were made after consultation with the administrative officials of the institution, and they embody what in their opinion is desirable. The present building is wholly inadequate. It is an old dwelling house.

The CHAIRMAN. How many people do they provide for there now?

Maj. BROWN. They can take care of as many as 40 people.

The CHAIRMAN. Is it crowded?

Maj. BROWN. Yes, sir; I think they run about up to their limit, and the superintendent tells me that a great many men come there and go away when it might really be desirable to take care of them in the institution. This new building will provide for 100 men and will provide for them much better than the building they now have. It will provide them with the same facilities, but they will be in much better shape.

The CHAIRMAN. It will be more extensive?

Maj. BROWN. Yes, sir; more extensive.

Mr. WOOD. What class of people do they keep in this institution?

Maj. BROWN. There are a certain number of men there who are sent by the Board of Charities. They are people whom they look up and find to be deserving to go into that place. Others are men who are out of employment and who come to the city. They are people who go to this sort of institution rather than to a hotel, for example, because here they are sure of cleanliness and proper meals without undue expense.

The CHAIRMAN. What are they required to do to pay for what they get?

Mr. RUDOLPH. They have to saw a certain amount of wood.

Maj. BROWN. I am not thoroughly familiar with the institution.

Mr. ANTHONY. Are many of them permanent residents or inmates of the institution?

Maj. BROWN. No, sir; about three nights is the average time.

Col. KELLER. You gentlemen may recall that some time ago a Mr. Brown, a brother of Mr. W. C. Brown, president of the New York Central Railroad, made certain criticisms of this institution from the standpoint of public health, and I admit that the situation there is not entirely suitable. The plans we have are plans for a building required by the people who are in charge of this activity. They told us what kind of building they must have.

Mr. SISSON. I do not see why this is an urgent deficiency at this particular time, and why it could not be taken up regularly in December.

The CHAIRMAN. How long would it take you to erect the building in case you had the funds with which to erect it?

Maj. BROWN. About three months.

The CHAIRMAN. Could you put up a building of this sort in three months?

Maj. BROWN. Yes, sir; we could put up this building in three months.

The CHAIRMAN. What is it to be made of?

Maj. BROWN. Brick with stone trim. I think three months would be the minimum time required.

The CHAIRMAN. How would you finish it inside—would it be plastered?

Maj. BROWN. Yes, sir; it would be plastered.

The CHAIRMAN. You could not build it in three months, then, could you?

Maj. BROWN. That is the minimum time that would be required. It is not to be a complicated structure. The two upper stories would be dormitories. As I have said, three months would be the minimum time required, and it would be rather difficult to do that, because we would have winter coming on. While the plans are prepared, we would have to do some work on the specifications before we could actually put it under contract.

The CHAIRMAN. Those plans would not be wasted if they were not used immediately?

Maj. BROWN. No, sir; they will be perfectly good at any time.

Col. KELLER. The unemployment situation makes it more necessary.

The CHAIRMAN. At the same time, you desire to utilize the present building?

Col. KELLER. This new building will be on a different site.

Mr. GALLIVAN. This building is required for the down-and-outers, and it will be needed next winter, I take it. If it is not incorporated in this bill, I take it it will be incorporated in some other bill.

Col. KELLER. It should be provided for now.

Mr. GALLIVAN. I am for the building. It is not so much for waifs and strays as it is for the down-and-outers.

Mr. RUDOLPH. There is no item in the regular appropriation bill for this particular project. The estimates do not include it, because we thought that the urgency was such that you ought to meet it as quickly as possible. These men are coming in at night, and they have double-decker beds there, which is an unfortunate condition, and many have been turned away.

The CHAIRMAN. You could not hope to finish the building and have the use of it this winter.

Mr. RUDOLPH. We could make good headway on it if you would give us the money now. If we had the money now, we could have it in operation by April.

The CHAIRMAN. Then, of course, the need for it would be over this year.

Mr. RUDOLPH. There would not be so much need.

Mr. GALLIVAN. Do you not think they would need it in April? Up in my town they work overtime 12 months in the year at these institutions.

Mr. OYSTER. This is a very old building. It is a shack, in fact, and is insanitary and badly ventilated and poorly lighted.

The CHAIRMAN. Is it located on Pennsylvania Avenue?

Maj. BROWN. No, sir; on Twelfth Street.

Mr. RUDOLPH. Unless you give us that appropriation now, we can not have the place in operation next winter when we will need it so badly.

The CHAIRMAN. We hope to get all of our appropriations, whatever they may be, passed long before the 1st of June.

Maj. BROWN. There is no item in the regular budget covering this.

The CHAIRMAN. We will pass upon it anyway.

Maj. BROWN. The next item is on page 7.

LIMITATION ON EMPLOYMENT OF PERSONAL SERVICES.

The CHAIRMAN. The next item is:

The limitation of $100,000 on the employment of personal services, as fixed by section 2 of the District of Columbia appropriation act for the fiscal year ending June 30, 1922, is increased to $112,000.

Maj. BROWN. We ask for no more money there, but simply ask for authority to increase the expenditure for the employment of personal services to $112,000.

Mr. SISSON. What was the original appropriation?

Maj. BROWN. This $100,000 is a limitation upon the appropriation.

Mr. SISSON. I understand that, but you must get this money from some source. There was an original appropriation to which this limitation applies, and I want to know what that appropriation was.

Maj. BROWN. This additional $12,000 is to be expended under the municipal architect's office in the preparation of school plans.

Mr. SISSON. Then this comes out of school appropriations?

Maj. BROWN. Mainly out of school appropriations.

Mr. SISSON. I wanted to know where it came from.

The CHAIRMAN. Section 2 of the appropriation act provides—

That the services of draftsmen, assistant engineers, levelers, transit men, rodmen, chainmen, computers, copyists, overseers, and inspectors temporarily required in connection with sewer, street, street cleaning, or road work, or construction and repair

of buildings, and bridges, or any general or special engineering or construction work authorized by appropriations may be employed exclusively to carry into effect said appropriations, when specifically and in writing ordered by the commissioners, and all such necessary expenditures for the proper execution of said work shall be paid from and equitably charged against the sums appropriated for said work; and the commissioners in their annual estimates shall report the number of such employees performing such services, and their work, and the sums paid to each, and out of what appropriations: *Provided*, That the expenditures hereunder shall not exceed $100,000 during the fiscal year 1922.

Mr. SISSON. I remember about the limitation now.

The CHAIRMAN. Do you think it is necessary to have this $12,000?

Maj. BROWN. Yes, sir. The $100,000 limitation was provided, of course, in the regular appropriation act, and in the deficiency act approved June 16, we got $1,544,000 for schools. That $1,544,000 carried with it no authorization for increased expenditures for draftsmen. We have, to be sure, employed some outside architects to do a part of the work on that building program, in the desire for speed in the program, but in all except four of those jobs we do all of the mechanical work covering the heating, ventilating, plumbing, etc. That is done by draftsmen employed in the municipal architect's office. In addition to that, we must employ inspectors on those jobs, and the pay of those inspectors must fall within this limitation.

The CHAIRMAN. When do you expect to put up these buildings?

Maj. BROWN. One of them is under way, another set of bids is opened to-day and bids on two more are to be opened on the 23d of this month. They are coming along in very good shape.

The CHAIRMAN. Is any part of the $1,544,000 used for the purpose of paying the fees of the architects who are employed?

Maj. BROWN. The draftsmen.

The CHAIRMAN. Of the architects whom you employ?

Maj. BROWN. Yes, sir.

The CHAIRMAN. If you are authorized to use any part of the $1,544,000 for the payment of outside architects, is there any reason why you can not also use a part of it for the employment of inside architects or their assistants?

Maj. BROWN. This $100,000 limitation applies to the employment of inside architects and their assistants under the law.

The CHAIRMAN. Where does the authority come from to use any part of the $1,544,000 for the services of anybody, if it does not include everybody?

Maj. BROWN. The law provides that the plans shall be prepared under the supervision of the municipal architect. Several years ago that question was brought up and carried to the Comptroller of the Treasury, who decided that there was authority to employ services of outside architects to do these jobs and, as I understand, the payment to those men did not apply against this $100,000 limitation.

The CHAIRMAN. The question arises how much supervision does the municipal architect give to the preparation of plans by the outside architects, or is it nominal?

Maj. BROWN. No, sir; it is very close supervision. Of the nine buildings which he gave out eight of them were given in the city of Washington and one went to an architect in Boston. The latter has made two or three trips here, which have constituted the amount of his supervision. The local men have been in the office of the municipal architect continually and the municipal architect has gone over

every preliminary plan, so that the supervision has been very close, and it has resulted in the plans, at least as far as the local architects were concerned, being in accordance with the desires of the municipal architect.

The CHAIRMAN. As far as the design was concerned?

Maj. BROWN. Yes, sir. The construction is carried out directly under our supervision.

The CHAIRMAN. The man who designs the building is not required to supervise the construction?

Maj. BROWN. No, sir.

The CHAIRMAN. What fee is allowed to these men for simply getting up the design?

Maj. BROWN. Three per cent on the structural cost only. Where we have the $140,000 limitation to build an eight-room building, we have limited the architect's fee to 3 per cent of $100,000 as the maximum, because he prepares only the structural plan, not the heating or ventilating or plumbing, which we do in our office.

The CHAIRMAN. What would be his fee if he prepared the specifications and supervised the work?

Maj. BROWN. Six per cent.

The CHAIRMAN. Is that the normal fee?

Maj. BROWN. Yes, sir.

The CHAIRMAN. Is that the fee fixed by the Institute of Architects?

Maj. BROWN. Yes, sir; 6 per cent.

Mr. SISSON. It used to be 5 per cent?

Maj. BROWN. Yes, sir. Six per cent is now the generally accepted figure, so I am informed by the institute.

The CHAIRMAN. You think that 3 per cent is a fair division of the total fee for the work that is done by these outside architects?

Maj. BROWN. I think that really we get a little the better of it, because they are fighting with each other as to who can turn out the best school building; they really enter into a competitive spirit and we are getting better results.

The CHAIRMAN. Have you let any contract so far?

Maj. BROWN. We have let one contract for the addition to the Monroe School.

The CHAIRMAN. What is the cost as compared with the prewar cost

Maj. BROWN. It is still quite a bit higher.

The CHAIRMAN. Have you figured out the percentage?

Maj. BROWN. It is, roughly, 50 to 60 per cent higher. Fifty per cent on the Eastern High School, where it will cost us about 27 cents per cubic foot for what we could probably have gotten done in prewar times, in 1916, for about——

The CHAIRMAN (interposing). 13 cents?

Maj. BROWN. Not that little; about 17 or 18 cents.

The CHAIRMAN. I have been told—I do not know how much truth there is in the statement—that common brick are being sold here for $26 a thousand. What do you know about that?

Maj. BROWN. That is true.

The CHAIRMAN. This is the easiest place in the world to find conveniences for making brick. The transportation is not high, coming up the river. In Chicago they are selling common brick for $12 a thousand, and everybody thinks the people there are being robbed. If that is true, they are certainly being robbed here.

Mr. WOOD. What is the reason that you do not make the brick at Occoquan?

Maj. BROWN. We make all we possibly can and utilize them in building.

Mr. WOOD. That may be so now; it was not true a few years ago. They did not permit them to make brick at that time.

The CHAIRMAN. Why do you not go to Chicago or some place else and buy your brick for $12 and ship them down for $4, making $16, and save $10 a thousand—I do not say specially Chicago.

Maj. BROWN. The last brick we got from Martinsburg, W. Va. We did not buy locally.

The CHAIRMAN. What did you pay?

Maj. BROWN. $26; they were face brick.

The CHAIRMAN. That is different. That is the ordinary price for face brick.

Maj. BROWN. We can not make enough.

The CHAIRMAN. I do not think that we should put up any buildings under present conditions.

Col. KELLER. We buy very little brick.

Mr. WOOD. You could make enough brick at Occoquan if you enlarged the facilities?

Maj. BROWN. They have not enough prisoners to make any more, sir. We have the plant.

Mr. SISSON. You have a plant down there, and, perhaps, you could make more brick than the District could consume and might have to stack them up, but the labor people got up a great big furore and had a statute passed preventing the manufacture of brick except for municipal purposes.

The CHAIRMAN. Why do you not arrest some of these people and have them tried for operations in restraint of trade?

Maj. BROWN. I may say that for joint committee of the House and Senate, of which Senator Capper is the chairman, we are now preparing a table showing the cost of various materials and so forth, which will be ready to submit to that committee within a day or two.

The CHAIRMAN. I wish you would submit a copy of that table for this record.

Maj. BROWN. Very well.

Cubic cost of school buildings.

Date of contract.	School.	Cubic contents.	Total cost.	Cost per cubic foot.
		Feet.		*Cents.*
July 24, 1911	J. O. Wilson Normal School, No. 162, Eleventh and Harvard Streets NW.	1,403,048	$245,402.00	17.49
Apr. 6, 1912	O Street Manual Training School, No. 172, O Street NW, between North Capitol and First Streets.	253,015	39,961.00	15.79
Dec. 23, 1912	Miner Normal School, No. 169 (colored), Georgia Avenue between Howard Place and Fairmont Street NW.	1,279,471	170,024.00 17,870.00	14.91
Sept. 23, 1913	Birney School, alterations and addition, No. 127, Nichols Avenue, between Franklin Street and Howard Avenue, Anacostia, D. C.	332,820	48,105.00	14.45
Sept. 23, 1913	Congress Heights School, No. 111, alterations and addition, Nichols Avenue and Hamilton Road, Congress Heights, D. C.	238,399	33,347.00	13.98
Mar. 14, 1914	New Central High School, No. 173, Eleventh and Thirteenth Streets, Florida Avenue and Clifton Streets NW. (exclusive of stadium)	5,712,462	1,012,450.00	17.72

Cubic cost of school buildings—Continued.

Date of contract.	School.	Cubic contents.	Total cost.	Cost per cubic foot.
		Feet.		*Cents.*
July 13, 1915	Dunbar High School, No. 174, First Street between N and O Streets.	2,913,295	$415,529.00	14.26
June 4, 1915	Park View School, No. 175, Warder Street between Newton and Otis Streets NW.	829,417	126,740.00	15.28
Mar. 4, 1916	Powell School, No. 157, addition, School Street opposite Lamont Street NW.	439,899½	71,869.00	14.6
May 19, 1917	Elizabeth V. Brown School, No. 113, addition, Connecticut Avenue between McKinley and Northampton Streets NW.	507,111	68,635.00	[1] 13.53
July 17, 1920	Petworth School, No. 131, 8-room addition, Shepherd, Eighth, and Georgia Avenue NW.	437,709	219,872.48	50 +
Feb. 9, 1921	Burrville School, No. 170, 8-room addition, Hays and Division Avenue NE.	411,798	169,192.53	41 +
Feb. 23, 1921	West School, No. 163, 8-room addition, Farragut Street between Thirteenth and Fourteenth Streets, NW.	531,094	176,510.98	33 +
Nov. —, 1921	New Eastern High School, No. 176, Seventeenth and East Capitol Sterets NE.	4,828,900	1,284,929.00	26 +

[1] Without heating and ventilating.

Statement showing the comparative prices for the fiscal years 1913 to 1922, inclusive; also the prices submitted by various bidders in competition on the 1922 proposals.

Materials.	Unit.	1913 freight rates.	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	Present freight rates.	Bidders in competition on the 1922 proposals.
Portland cement [1]	Barrel	$0.323 .219	$0.94	$1.11	$1.04	$1.00	$1.33	$1.95	$2.30	$2.18	$2.61	$2.24	$0.646 .475	
Concrete sand [1]	Cubic yard	Scow.	.345	.54	.54	.54	.59	.69	.95	.80	.80		.646 .475	
Building sand [1]	do	Scow.	.345	.44	.44	.44	.49	.59	.95	.80	.80		.646 .475	
Screened gravel [1]	do	Scow.	.435	.69		.69	.74	.99	1.20	1.20	1.20		.646 .475	
Building bricks, District of Columbia workhouse, common red.[1]	Thousand	Scow.		6.50	7.50	7.50	7.50	7.50	7.50	12.00	12.00	20.00	.646 .475	
Building bricks, commercial:														
Red [2]	do		12.00	(2)	(2)		(2)				29.00	26.00	$5.31	Corresponds to 1913 rate of approximately $3.
Arch [2]	do		8.00		(2)		(2)				21.00			
Red radius [2]	do		26.00		(2)		(2)				35.00			
Hard red [2]	do		8.00		(2)		(2)				27.90			
Beams, I steel	Pound	.00145	.0225	.025	.023	.0198	.036	.048		.039	.046		.00335	
Nails, steel wire:														
6d	do	.00145	.0219	.0225	.0213	.0212	.0339	.043	.0489	.0417	.0628	.047	.00335	
8d	do		.0209	.0215	.0203	.0202	.0328	.042	.0479	.04	.0598	.0444		
10d	do		.0204	.021	.0198	.0197	.0323	.0415	.0474	.04	.0588	.0434		
20d	do		.0199	.0205	.0193	.0192	.0318	.041	.0469	.0397	.0568	.0414		
30d	do		.0199	.0205	.0193	.0192	.0319	.041	.0469	.0397	.0568	.0414		
40d	do		.0199	.0205	.0193	.019	.0319	.041	.0469	.0397	.0568	.0414		
Lumber:														
Flooring, pine	Thousand feet	8.00	62.39	61.95	50.00	56.00	54.25	59.00		61.00			13.80	G. Elias & Bro., $120; Galliher & Huguely, $78; W. A. A. Church, $90.
Finishing, pine	do	5.70	74.00	70.00	69.00	62.00	66.00	67.00		85.00			11.25	G. Elias & Bro., $210; Galliher & Huguely, $180; W. A. A. Church, $160.
Scantling, pine	do	8.00	32.99	34.39	32.50	29.75	31.50	33.00		55.00			13.80	G. Elias & Bro., $62; Galliher & Huguely, $40; W. A. A. Church, $15.
Lime	Barrel	.09	.73	.74	.74	.80	.79	.80		1.65	2.50	2.50	.196	
Tin, roofing, 20 by 28 inches	Box	.385		11.48	11.20	11.20	14.00	26.98	28.98	23.18	27.69	27.39	.856	Mitchell, Oliver Co., $29.47.

Slate.														
Roofing, 10 by 16 inches	Piece	.0133	.05	.05	.045	.043	.045	.05	.08	.09	.11	.....	.0277	James B. Lamble Co., $0.12; Rudolph West Co., $0.14.
Roofing, 10 by 20 inches	do	.0167	.065	.065	.06	.058	.059	.07	.10	.11	.13	.....	.0348	James B. Lamble Co., $0.15; Rudolph West Co., $0.16.

[1] Items shipped by rail and scow and placed in District of Columbia property yards for issue.
[2] Prices at plant.
[3] Add approximately $4.40 for delivery to job.

All other items are ordered from time to time for delivery on line of work.
Items where no prices are given represent no bids or rejected bids.
The two freight rates indicated on cement represent two different points of shipment: Hercules, Pa., and Union Bridge, Md., respectively.

The CHAIRMAN. We will be very glad to have it, because I think if there is anything that we ought to do it is to protect the people in the construction of buildings and the sale of building materials and in that way encourage the development of housing facilities. You can not hope to develop housing facilities while the cost is three times what it ought to be.

Maj. BROWN. I might say that we have allowed the Municipal Architect $25,000 out of the $100,000 limitation. That applies to the divisions of the District Government, except the water department, which has its special allotment. Out of the $100,000 originally authorized we allotted him $25,000. That was compared to $14,000 which he was originally allotted last year, which was an ordinary building year, when we had no special program. Now, we need $12,000 more in addition to an original allotment of $25,000 in order to keep the force going at the speed they are now going for the balance of the fiscal year, which will put us on the first of July with everything under way that we have authorized.

The CHAIRMAN. How much of the $100,000 has already been used, if you know?

Maj. BROWN. He is using at the rate of $3,000 a month.

The CHAIRMAN. That is $36,000 for the entire year?

Maj. BROWN. Yes, sir.

The CHAIRMAN. You mean the Municipal Architect is using that amount?

Maj. BROWN. Yes, sir.

The CHAIRMAN. What about the rest of the work?

Maj. BROWN. Before we asked this appropriation we went to the other divisions to find out if it was possible for them to allot any of their funds to the Municipal Architect. We got $1,500. I might state that at the beginning of last year the Municipal Architect's allotment was $14,000, and we cut $11,000 from other divisions in order to give him $25,000 to start with this year.

The CHAIRMAN. Will it not be possible, even in the present instance, to reallot the other $75,000 so as to give the Municipal Architect $12,000 more?

Maj. BROWN. No, sir; because, to start with, the first of July we cut from the other departments and we have cut off $1,500 more already, and as they have to maintain the usual program the other departments are all now engaged in the maximum economy to provide for the Municipal Architect's office.

The CHAIRMAN. The other departments will be the sewer department?

Maj. BROWN. Yes; and the surface division and electrical department.

The CHAIRMAN. How much street paving are you contemplating during the fiscal year 1922 as compared with the fiscal year 1921?

Maj. BROWN. It is considerably less. A good portion of the $12,500 comes from the surface division.

The CHAIRMAN. $11,000 of the $12,500 was from last year's appropriation and $1,500 from this year's appropriation, as I understand Am I right?

Maj. BROWN. No, sir; all this year's appropriation.

Col. KELLER. We put more in the sidewalks and more in temporary roads where appropriations have not been made for permanent improvements. If we want to extend building we have to give people water supply, and sidewalks as building develops.

GRADING OF STREETS, SIDEWALKS, ETC.

The CHAIRMAN. Let me ask you this question, in that connection. It is prompted by a question that was asked me some time ago by a real estate man engaged with others in the construction of buildings, erecting buildings on a street that had not been opened, although designated, and where the buildings, for example, when erected would face a bank on what would afterwards be a street; is any part of that work of opening the street paid for out of this $100,000?

Col. KELLER. I think not.

The CHAIRMAN. Do you take a steam shovel and open up a street for those people to put up buildings?

Maj. BROWN. No, sir; practically all of the grading is done by contract which involves no expense from this limitation other than for inspection.

The CHAIRMAN. Who pays for that, does the Government pay for it?

Maj. BROWN. Yes, sir.

The CHAIRMAN. Why does the Government pay for it?

Maj. BROWN. I may say that a great many of the builders erecting buildings will go in and grade the streets themselves because of the fact that they realize that they are building in some out of the way place where it is not logical to pay for the grading from public funds. The grading is never assessed against the abutting property as street paving and the laying of water mains, that is one of the features of the improvements that is not assessed, the District using its discretion as to whether or not they shall grade a certain street and that discretion is based upon whether or not it is a public rather than a private improvement.

The CHAIRMAN. Let me ask you this question. We will say that a building is to be erected right here [indicating]. This is the topography of the street [indicating] as it exists when the building is put up and it must be cut down to this level [indicating]. Who pays for that?

Maj. BROWN. The District government, provided the District does the work. There are many cases where the builder realizes that he can not expect the Government to go in and pay for it and he will grade it at his own expense.

The CHAIRMAN. Should not he always do that where he is laying out a subdivision and wants to have a street on which to erect his buildings?

Maj. BROWN. There are certain cases——

The CHAIRMAN interposing): Is there any law that requires the District to do it or is it just done as a matter of accommodation for those people?

Col. KELLER. Last year we had $40,000 for grading. It is a question of public policy in the effort to increase taxable values. We have to give a reasonable amount of encouragement to men who have the capital and enterprise and desire to build.

The CHAIRMAN. Is there any assessment?

Col. KELLER. We assess them for the sidewalk. For the permanent pavement under the Borland Act we assess them on the 50-50 basis; half of the cost is paid by the owner, and that is true of the sidewalk as well. They pay for the water and sewer extensions in accordance with the law.

The CHAIRMAN. I should like to see some modification of that system that permits this extraordinary waste of public money, to open streets under this plan. I think the man who owns the property and builds on it ought to open the street and turn it over to the community.

Mr. GALLIVAN. As I understand, when you lay out a public street you assess no benefits for betterments on the owners?

Maj. BROWN. When we open a street the cost is assessed. The grading is not assessed. Our appropriation for grading is $40,000, which is a very small amount. A large amount of grading is being done all the time by private enterprise.

The CHAIRMAN. It seems to me when the owner of property subdivides it into lots and streets there should not be any tax levied against the people of the District for the property that is included in the streets or for the physical work of cutting it to grade; it ought to be done by the people who own the property and make the subdivision.

Maj. BROWN. There is one point that I think should be considered. The District establishes the grades of the streets.

The CHAIRMAN. I know.

Maj. BROWN. And they do it for the sake of economy and uniformity.

The CHAIRMAN. The city would do that anyway.

Col. KELLER. If you will allow us to look into that, we will try to investigate it.

The CHAIRMAN. I think it would be worth while.

Col. KELLER. Yes, sir.

ALLOTMENT OF APPROPRIATION.

The CHAIRMAN. Will you be good enough to tell the committee how the $100,000 was allotted, the amount allotted to each activity, and how the $12,000 you are asking for will be allotted?

Maj. BROWN. The entire $12,000 will go to the municipal architect.

The CHAIRMAN. Please give us the rest of the allotment?

Maj. BROWN. For the fiscal year 1922, the surface division, $43,000; sewer division, $30,000; electrical division, $2,000; and the municipal architect, $25,000.

The CHAIRMAN. The surface division, does that mean repairs and new pavements, the opening of streets, and all that?

Maj. BROWN. Sidewalks, suburban roads, etc.

The CHAIRMAN. And all of the $12,000 will be to meet the emergency that you think exists for the expeditious movement of the school building program?

Maj. BROWN. Yes, sir.

Mr. WOOD. What is the reason that you do not do this architectural work through the municipal architect instead of letting it out to independent architects?

Maj. BROWN. Our only reason was the desire for speed, to get all of these buildings ready for occupancy, except the two junior high schools, which are large jobs that we can not get ready for the opening of school next year, and it would have been impossible for us to expand the municipal architect's office sufficiently to have done that.

Mr. SISSON. Is not this another reason, as a matter of fact, if you have just about what you ought to have for supervising the work, doing the ordinary work, coming within his jurisdiction, it is more economical in the pressure of business to hire outsiders to do the work than to build up a sufficiently large overhead to take care of the peak, because when the peak is over, you have a great big force with nothing to do?

Col. KELLER. It would not cost any less.

The CHAIRMAN. Let me ask you a question in connection with this request for $12,000. How many children are prevented from attending school due to a lack of school facilities?

Maj. BROWN. Perhaps, I ought to know that as a matter of general information, but I do not believe I do.

The CHAIRMAN. Perhaps one of the commissioners knows it?

Mr. RUDOLPH. No; I do not. There are two shifts in the schools and a great many more children in each half and they are pretty badly crowded.

The CHAIRMAN. You think that this appropriation is essential in order to meet the situation?

Col. KELLER. Yes, sir. It calls for no additional appropriation. It simply means giving us latitude to distribute the funds so as to make progress, because we can only make progress in that way.

Mr. SISSON. Do you know whether all the portable schools are in use?

Maj. BROWN. Yes, sir; every one.

Mr. SISSON. Actively in use?

Maj. BROWN. Yes, sir; we move them from place to place so they relieve the pressure. If we build an addition we move the portable school.

Mr. SISSON. We have had to deal with that for several years, compelled to do that during the war, and I understand the commissioners looked into the question of the proper distribution of the children so the school space less crowded would be added to, even though the children had to travel a little farther. We had a discussion some time ago with members of the school board and they promised to look into this matter. Have the commissioners looked into the question of whether or not they have endeavored to avail themselves of the space which might be so used?

Col. KELLER. We have no control over the school board.

Mr. SISSON. I understand that. I am sorry you do not have. We put it in the bill once, giving you absolute control of the board of education, but when it got over to the Senate some of the teachers, especially the inefficient teachers, appeared and the Senate knocked it out. I think it is a misfit to have the court appointing the board of education.

Mr. RUDOLPH. We agree with you.

Mr. SISSON. That administrative feature of the schools is a misfit.

Col. KELLER. The court has asked to be relieved of that duty, and it has been suggested, and it is an obvious suggestion, that some

authority over the board of education be given the Commissioners of the District of Columbia.

Mr. SISSON. Yes, sir.

GALLINGER MUNICIPAL HOSPITAL.

The CHAIRMAN. Let us pass on to the Gallinger Hospital, for which you are asking $150,000. Please tell us about that.

Maj. BROWN. This printed note, I think, can hardly be improved upon unless there are some other questions that you want to ask about it. Shall I read it?

The CHAIRMAN. Yes; read it into the record.

Maj. BROWN (reading):

The limit of cost fixed by existing law for the construction of the Gallinger Municipal Hospital is $1,500,000. Appropriations authorized to date aggregate $1,103,590, leaving additional appropriations yet to be granted amounting to $396,410. The board desires to place this building in operation on July 1, 1922, but before this can be done power plant should be completed as a structure and at least partially equipped, and domestic building, or at least so much of it as is necessary to serve the psychopathic group, should be completed. To carry the power plant and the domestic building any higher than the basement, new contracts must be entered into. While the commissioners have authority under law to enter into these contracts, there is no money available for payment thereon. An appropriation of $150,000 is required at this time to prevent the loss of about six months in construction work. The psychopathic group of the Gallinger Hospital takes the place of the present Washington Asylum Hospital, and for the latter institution no appropriation has been requested for the fiscal year 1923, on the assumption that the new hospital would be ready for use at that time. Moreover, on the basis of this assumption, appropriations have been recommended in the regular District bill for 1923 for maintenance and equipment and for salaries of personnel for the new hospital.

I may say that the psychopathic group is completed, or will be within, perhaps, two weeks or a very short time. We have built the heating tunnels from the psychopathic group to the power plant and the service tunnel to the domestic building. It is the desire of the Board of Charities to put the psychopathic group of the new Gallinger Hospital into operation July 1 next, and they have asked for appropriations on that basis, but before it can be put into operation we need to complete the power plant and to install such heating and power units as are necessary to serve the psychopathic group, and it is necessary, or at least desirable, to complete in part the domestic building, as all provisions for cooking, etc., are in the domestic building and not in the psychopathic group itself. It is in the desire to have this building ready for occupancy on next July 1 that we asked for the additional amount of $150,000, which will still leave some $240,000 below the limit of cost.

The CHAIRMAN. Will this complete the work?

Maj. BROWN. No, sir; but this will enable us to put the psychopathic group into operation.

The CHAIRMAN. Is any part of the hospital in operation now?

Maj. BROWN. No, sir.

Mr. BYRNS. Will this building be completed within the limit of cost?

Maj. BROWN. Yes, sir; the plans as authorized for the hospital will enable an extension which will cost much over the limit of cost, but the limit of cost will provide for at least the number of patients, or perhaps a greater number of patients than contemplated when that cost was made.

The CHAIRMAN. How much of an unexpended balance have you now or are there any contracts outstanding against this appropriation?

Maj. BROWN. We have obligated approximately $25,000 beyond the present appropriation.

The CHAIRMAN. So that you are really $25,000 behind now?

Maj. BROWN. Yes, sir. Of this $150,000 we would apply $25,000 on contracts which have already been let and $125,000 on contracts to be let.

The CHAIRMAN. And you feel quite safe in saying that if the appropriation is authorized, you would be able to complete the psychopathic section, and all the units of the power plant necessary, and the domestic section of the building between now and the 1st of July?

Maj. BROWN. We may need a little more than $125,000, but that will very safely carry us until the 1st of July.

Mr. SISSON. With this $125,000 you will have enough to put in operation the psychopathic group?

Maj. BROWN. It may take a bit more than that.

Mr. SISSON. I understand it may take a little more to complete it, but what I understood you to say first was that this would enable you to put into operation the psychopathic group and move the patients now in this old building into this very much needed building?

Maj. BROWN. Yes, sir.

NUMBER OF BEDS IN NEW AND OLD HOSPITAL.

The CHAIRMAN. How many beds will you have when the work is completed that you contemplate completing?

Maj. BROWN. One hundred and ninety-six beds. The psychopathic group, I may say, is the most expensive part of the hospital.

The CHAIRMAN. How many beds are now in the old hospital from which you expect to move the patients?

Maj. BROWN. I could not tell you that, sir.

The CHAIRMAN. What is it proposed to do with the old buildings?

Maj. BROWN. They will ultimately be torn down. They need not be torn down at the present time, but the ultimate plan will occupy certain of the ground now occupied by the old buildings, which are largely frame structures. They can be utilized until the time when it is necessary to tear them down to make space for new buildings.

Mr. KELLEY. How much is in the regular estimates for the hospital for next year for construction work?

Maj. BROWN. The amount asked for was $396,000.

The CHAIRMAN. $240,000 of that would be for construction and $156,000 for operation?

Maj. BROWN. If the appropriation is granted in the deficiency, we will be able to cut the amount asked for in the regular bill.

The CHAIRMAN. You will cut this $150,000 off?

Maj. BROWN. No, sir; if we get the $150,000 in this deficiency, we will be able to cut the amount asked for in the regular bill.

The CHAIRMAN. By $150,000?

Maj. BROWN. There seems to be some little mistake about this, sir. The commissioners asked for $296,000 when they intended to ask for $396,000, so we would be able to cut only $50,000 from the regular

bill. The idea would be in the regular bill to give us the amount necessary up to the total limit of cost, $1,500,000.

Mr. SISSON. In other words, you want the balance of the authorized amount in the next bill?

Maj. BROWN. Yes, sir.

The CHAIRMAN. Major, I wish you would be kind enough to give us a statement for insertion in the record as to the number of beds that will be available in the new hospital on the 1st of July if you are authorized to use this $150,000.

Maj. BROWN. I can tell you that now, sir; 196.

The CHAIRMAN. Yes; you did tell me that. How many beds would be vacated then in the old hospital and how many would be available after they were vacated in both the old and the new hospital?

Maj. BROWN. I may say, sir, that the occupation of this group will not necessitate the vacation of any beds in the old hospital, because we are taking down no part of the old hospital at this time.

The CHAIRMAN. And you are going to utilize that?

Maj. BROWN. Yes, sir. The idea is to get the psychopathic group built, and then we can take patients from a part of the old hospital and move them into the psychopathic group, thereby vacating some of these buildings which are not suitable, and also which are in the way of the ultimate development of the site.

The CHAIRMAN. So that the buildings on that space would be torn down?

Maj. BROWN. Ultimately, but it will not be necessary to do that right away.

The CHAIRMAN. In the meantime, if you had to utilize this space from which you move the psychopathic patients, you could utilize it for other patients?

Maj. BROWN. Yes, sir. The immediate effect would be to provide an increased number of beds of 196.

The CHAIRMAN. And how many are there in the old buildings?

Maj. BROWN. That I do not know, sir, but I will get that information.

The CHAIRMAN. Give us that information, please.

Maj. BROWN. Yes.

NOTE.—Two hundred beds, counting those placed on porches, in basement and everywhere possible.

The CHAIRMAN. You think this is sufficiently important to justify the request that you make to expedite this move?

Maj. BROWN. Yes, sir. Without this we can not get the psychopathic group in shape for operation next July 1, and the plans of the hospital authorities, the Board of Charities, and their request for appropriations are based on putting it into operation on July 1.

The CHAIRMAN. You ask in the regular estimates for $296,000, which you say should have been $396,000?

Maj. BROWN. Yes, sir.

The CHAIRMAN. And if this $150,000 is allowed on the assumption that you will get the $396,000, that would leave you $246,000?

Maj. BROWN. Yes, sir.

The CHAIRMAN. $246,000 would be necessary to complete the building as originally contemplated, would it?

Maj. BROWN. Yes, sir; with the number of beds that are provided for under the original estimate of cost.

The CHAIRMAN. What is the $6,000 for?

Maj. BROWN. The odd figures in that appropriation come about through the fact that in the original appropriation the limit of cost was fixed at the exact amount for the cost of the building, which the auditor says was $703,910. I do not see how that accounts for the $6,000, but the actual appropriation was made in odd figures, and Congress authorized the appropriation of those odd figures.

The CHAIRMAN. In addition to that you have a proposal in the regular estimate, I suppose, for the personnel. With the limit of cost of $1,500,000 and the amount already appropriated, leaving $396,410, this $150,000 off would leave $246,410?

Maj. BROWN. Yes, sir; the original estimate was $603,590, and that is the way those odd figures got in there.

Mr. SISSON. I want to state, so that the record will show it, that the plan of this hospital is such that when you build the power plant, the administration building, and the psychopathic ward and also the other construction to get the beds originally contemplated within this appropriation, you can add the units just as the need arises?

Maj. BROWN. Yes, sir. I have a plot plan here showing those units.

Mr. SISSON. I know all about it, but I wanted the full committee to understand that the plan was one which is perhaps as modern and up to date as any hospital, so that they can have air and light, and have the wards segregated and connected by passageways so you can build these units ad infinitum in the future as the needs of the city may require.

The CHAIRMAN. That, of course, would increase the limit of cost which was contemplated?

Mr. SISSON. Yes; but you can spend the entire amount and complete a unit, and then if you need additional space you do not have to change any of the structure. You just simply add on another unit and connect it up.

Maj. BROWN. Yes.

Mr. SISSON. In other words, the committee in adopting that plan did it because within the limit of cost you could get a completed unit and then you can add units onto that.

The CHAIRMAN. Was the limit of cost as originally fixed intended to include the heating and power plant, and all that sort of thing?

Mr. SISSON. Yes; that was included.

Maj. BROWN. I think so, on the basis of providing for 300 patients for $1,500,000.

Mr. BYRNS. I would like to ask what will be the total capacity of the hospital when completed under the limit of cost?

Maj. BROWN. Under the limit of cost, 300, and we will be able to have accommodations for about 400 more if necessary; that is, by adding different units at a time.

The CHAIRMAN. In fixing the limit of cost, was the cost of furnishing and all that sort of thing included?

Maj. BROWN. No, sir.

The CHAIRMAN. That is extra?

Maj. BROWN. This is the building cost. The items for equipment are in the 1923 estimates.

The CHAIRMAN. You are coming before us for $150,000 to complete the psychopathic system and the power plant and the domestic building. Is there any part of this fund that you are asking, or that which is now available, to be used to furnish and put the building in readiness to take care of the patients who are supposed to be put in there?

Maj. BROWN. Not for furniture; no, sir.

The CHAIRMAN. Where do you expect to get the money to get the building ready by the 1st of July if you have made no provision for it?

Mr. RUDOLPH. That is in the estimate for 1923.

The CHAIRMAN. In the ordinary estimates?

Mr. DONOVAN. And it is asked that they be made immediately available, I believe.

Mr. BYRNS. You want this appropriation in order to provide for 196 beds by July 1. How are you going to occupy them if you are not going to have any money to furnish them?

Mr. SISSON. If the appropriation is made immediately available——

Col. KELLER. It will be asked that the appropriation be made immediately available.

Maj. BROWN. There is one item about this psychopathic group I would like to speak about in reference to furnishing. We put in a great deal of special plumbing, shower baths, and all that sort of thing, which have been very expensive, but they come out of the building appropriation, all fixtures of that sort, but not furniture.

The CHAIRMAN. Notwithstanding the increased cost of building, you have been able to keep the cost of the building, substantially in the form in which it was contemplated, within the limit of cost, have you?

Maj. BROWN. Yes, sir.

The CHAIRMAN. Were the plans changed at any time?

Maj. BROWN. The plans were originally made for a different site, and then they were changed; but the idea of the $1,500,000 limitation was to provide 300 beds, and we are going to be able to do that.

PAYMENT OF JUDGMENTS.

The CHAIRMAN. Let us pass to the next item, on page 10:

For the payment of judgments, including costs rendered against the District of Columbia, as set forth in House Document No. 117 of the Sixty-seventh Congress $2,353.20, together with a further sum to pay the interest at not exceeding 4 per centum per annum on such judgments, as provided by law, from the date the same became due until date of payment.

It appears there are three judgments, one in favor of George R. Washington for $1,200 and $48.45 costs; Florence D. Brew, $1,000 with $65.25 costs; and Alice L. Wood, $39.50 costs, making $2,353.20 altogether. Is there anything to be said about this?

Mr. DONOVAN. They are all final judgments, Mr. Chairman. In the case of George R. Washington it appears that the action was brought for damages to his property. The evidence at the trial disclosed that a large water main on Adams Street, one block from the plaintiff's property, had sprung a leak, the leak flowing into an abandoned water main, which conveyed the water into the cellar of his

property, resulting in certain damages to his property. This judgment was rendered on trial before the Supreme Court of the District of Columbia, and the judgment is final.

The CHAIRMAN. There was no appeal taken?

Mr. DONOVAN. There was no appeal taken in this case. The question of whether there shall be an appeal or not is one, in every instance, where the corporation counsel expresses his opinion to the commissioners in writing as to whether it is advisable to take an appeal. In this case he held it was not advisable.

The CHAIRMAN. What about the next case?

Mr. DONOVAN. The next case is one of personal injuries due to a defect in the sidewalk. I have not the details of that particular case here, but that was also a case where no appeal was taken.

Mr. KELLEY. What was the name of the party?

Mr. DONOVAN. Florence D. Brew.

The CHAIRMAN. What about the other case? What were these costs for? Was that the case of a school-teacher?

Mr. DONOVAN. That was the case of a school-teacher. It was a case instituted in court to require the reinstatement of a teacher in the public schools with salary during period of suspension. The action was against the board of education and these are the costs involved in that case.

The CHAIRMAN. Why do the costs stand against the Government; because she was reinstated by the court?

Mr. DONOVAN. Because she was reinstated by the court. Of course, the board acted in its official capacity, and in similar cases we always come to Congress and asked for appropriations to pay the costs instead of requiring the members of the board, who serve without compensation, to pay them.

The CHAIRMAN. Surely. What was the ground upon which she was reinstated by the court?

Mr. DONOVAN. The teacher was suspended by the board of education without pay and she subsequently filed an action in court for reinstatement and salary. The decision was rendered in favor of the teacher on the ground that she had been illegally suspended by the board of education.

RENT COMMISSION.

STATEMENT OF MR. D. C. ROPER, JR., SECRETARY OF THE RENT COMMISSION OF THE DISTRICT OF COLUMBIA.

ADDITIONAL AMOUNT FOR SALARIES AND EXPENSES.

The CHAIRMAN (reading):

For an additional amount for salaries and expenses authorized by section 103, Title II, of the food control and the District of Columbia rents act, approved October 22, 1919, and the act of Congress approved August 24, 1921, extending the Rent Commission until May 22, 1922, $25,000, to continue available during the life of the commission.

Will you be good enough to explain why you need this money?

Mr. ROPER. Yes, sir; shall I read this short statement?

The CHAIRMAN. We would be very glad to have you do that.

Mr. ROPER. The expenditures for the Rent Commission as of October 1, 1921, were $54,428.19.

Mr. KELLEY. For how long a time?

Mr. ROPER. That is for approximately 20 months. The unexpended balance as of November 1 can be approximated, as we keep a monthly budget, which we keep well within. I ought to first give the unexpended balance on October 1, 1921, which was $10,571.81, making a total of expenditures and unexpended balance of $65,000, representing an original appropriation of $50,000 plus a deficiency appropriation this spring of $15,000, totaling $65,000 in all. The unexpended balance on November 1, this month, would be approximately $6,809.21. That is all we have left.

The CHAIRMAN. How many commissioners are there, what salary do they get, and how many assistants have they, and what do they get, and then go on and tell us just what you do?

Mr. ROPER. We have three commissioners at an annual salary of $5,000 a year. We have an attorney for the rent commission, appointed October 6—last month—at a salary of $5,000 a year, and authorized by the extension act approved August 24, 1921.

The CHAIRMAN. Is that the first time you have had an attorney?

Mr. ROPER. Yes, sir.

The CHAIRMAN. How did you get along without an attorney before?

Mr. ROPER. We did not necessarily need one because of the fact that from June, 1920, until April, 1921, the law had been held unconstitutional by the Court of Appeals of the District of Columbia, and there was apparently no need for one during that time. There was a desire for one previously and since then until October.

The CHAIRMAN. During the period of the law's unconstitutionality what did the board do?

Mr. ROPER. The board continued to hand down decisions and fix rentals upon the firm conviction that the law was constitutional, even though the Court of Appeals of the District had held it unconstitutional. An appeal would naturally be taken and would justify the commission continuing in operation.

DUTIES OF ATTORNEYS.

Mr. GALLIVAN. Right there, Mr. Chairman, if this is the proper time and place to ask the question, What does your $5,000 lawyer do?

Mr. ROPER. He is at present engaged in defending a case in which the Rent Commission is made party defendant, a suit brought by one Mr. Mertz, the owner of the Prince Karl Apartment House, who claims that the amounts fixed on the Prince Karl in January, 1921, were confiscatory, and attacks section 112 of the rents act which calls for certain rebates to be paid back to the tenants who were continued to be overcharged in spite of the decision of the Rent Commission, because of that interim of unconstitutionality—he claims that he was the owner only after those rates were fixed, and that when he became owner he was not informed of the rents which had been set on the buildings, and sets up certain other reasons which he alleges in his suit——

Mr. GALLIVAN (interposing). You need not go any further along that line; but what else does he do?

Mr. ROPER. He has to prosecute these suits for rebates in which there have been such a tremendous number of overcollections.

Mr. WOOD. In a case where an apartment house owner or property owner is cited to come before you to answer as to whether or

not he is charging too much rent, does this attorney appear in such cases?

Mr. ROPER. No, sir; not ordinarily.

Mr. WOOD. Who represents the commissioners, in a legal way at those hearings?

Mr. ROPER. At those hearings, you understand, we have the power of subpoena which can be enforced in the Court of Appeals of the District of Columbia, to summon such people.

Mr. WOOD. But who examines the witnesses when they come in there?

Mr. ROPER. The three commissioners themselves.

Mr. WOOD. The attorney does not have anything to do with the trials there?

Mr. ROPER. No, sir.

Mr. SISSON. He sometimes attends those trials, does he not?

Mr. ROPER. He attends them at all times when he is free, in order to inform himself about the procedure.

Mr. BYRNS. And he would attend them, I take it, if the commission felt they needed his services?

Mr. ROPER. At any time; yes, sir.

Mr. KELLEY. But his real duty is in connection with defending the commission when attacked in reference to their decisions?

Mr. ROPER. Yes, sir; preparing briefs and appearing in court.

Mr. ANTHONY. What is going to happen when the Rent Commission goes out of business in May next?

Mr. ROPER. Well, it is a question as to whether they are going out of business.

Mr. OYSTER. The situation is going to be worse than it ever was.

Mr. ANTHONY. Are you going to ask for its continuation?

Mr. ROPER. I am not prepared to say that we are, but I should say that the Armament Conference, because of the demand being made for property, is evidently going to last and keep extra people in town, and in addition to that, there is an apparent shortage according to the statement of one of the most prominent realtors of 6,000 houses renting at between $40 and $50 a month, and until that apparent shortage is done away with by building, there is no relief.

Mr. ANTHONY. So you propose to attract capital here to build those necessary houses by keeping the rents down?

Mr. ROPER. Capital is waiting on labor—in fact all building is waiting on labor and capital, it seems to me, rather than on these other things.

ACTIVITIES.

Mr. ANTHONY. What has the Rent Commission actually accomplished so far?

Mr. ROPER. They have fixed rentals on over 2,000 properties. They have started this week to fix rentals wholesale on their own iniative, and have called a hearing for the first large property, being a large place on Sixteenth Street.

Mr. ANTHONY. Are the decisions of the commission accepted by the owners of property?

Mr. ROPER. Yes, sir; they are enforced now.

Mr. ANTHONY. All of them?

Mr. ROPER. Yes, sir.

Mr. ANTHONY. In the case of these large apartment houses where you have decided what shall be a fair rental, do the owners accept your verdict?

Mr. ROPER. Yes, sir; and the verdict takes the place of all evidence in the Municipal Court where the judgment is rendered on it and is enforcible.

Mr. ANTHONY. What is the contention in the case of this large apartment house on Sixteenth Street that you spoke about? As I remember, the commission previously recommended or issued a decision as to what the rents should be in that apartment house?

Mr. ROPER. No, sir; they have not. They have had several complaints from there which have not been heard as yet, but which will be combined with their own initiative schedule this week. The main complaint is that in spite of fairly good service, the rentals are out of all proportion to the conceivable value of six or eight rooms with ordinary service, telephone, etc. The rental for eight rooms is over $300.

Mr. WOOD. And they have recently raised the rents in that apartment house?

Mr. ROPER. I understand, they have demanded increases.

The CHAIRMAN. How do you reach a conclusion as to the value of space?

Mr. ROPER. That is reached by considering many kinds of evidence. The rentals are not fixed on a per-room basis or by space. All of the facts and figures are taken into consideration. Perhaps Commissioner Oyster could tell this better, as I do not sit in the deliberations on these cases, and the system of determining this is very largely the same as obtained when Commissioner Oyster was a member and chairman of the Rent Commission.

Mr. KELLEY. I think what the chairman wanted to know was whether you used the reproduction value as the basis in fixing rents?

Mr. ROPER. We consider several values. You understand, of course, I do not consider any of them because I am not in the deliberations, but the commission considers first of all, the assessed value, dividing that value by 2 and multiplying by 3 will give the appraised value, which I understand is the value in normal times when the seller does not have to sell and the buyer does not have to buy. That is the appraised value for purposes of taxation. That is one value. Second, the market value of to-day is stated by the owner as evidence at the hearing. Then there is the cost value plus the value of all improvements put on the property since the time of construction. There you have three different values and any other value that may be presented; for instance, the reproduction value, as just mentioned, is considered also. All these values are considered together.

The CHAIRMAN. Do you consider the question of vacancies?

Mr. ROPER. There are no vacancies to speak of.

The CHAIRMAN. Well, there may not be any vacancies, but would that be taken into consideration?

Mr. ROPER. It would, if it were brought out in evidence that there had been apartments idle.

Mr. WOOD. Is deterioration figured in?

Mr. ROPER. Yes, sir; 2 per cent, as I understand, or very close to that, is allowed for depreciation.

Mr. ANTHONY. What is the basis of gross return that you allow the owner of rented property?

Mr. ROPER. Between 6 and 8 per cent net, allowing him certain credit for his loans and the amount of interest which he pays.

Mr. ANTHONY. Wear and tear, and everything?

Mr. ROPER. Yes, sir. It would vary between 6 and 8 per cent, giving the owner the benefit of the higher percentage whenever he keeps up his property in good shape.

Mr. KELLEY. What would that be gross, about 1 per cent a month?

Mr. ROPER. Just about, sir. In the ordinary case, slightly over 11 per cent a year.

The CHAIRMAN. What do you expect to do with this additional money?

Mr. ROPER. We expect to run the commission from the 22d of December until May 22.

The CHAIRMAN. Does that contemplate running the commission until——

Mr. ROPER (interposing). Until May 22, the expiry date of the act.

The CHAIRMAN. Then this office expires by limitation of law?

Mr. ROPER. Yes, sir.

The CHAIRMAN. Does this cover an increased force?

Mr. ROPER. No, sir; we have capable people and we do not want employees getting in one another's way. We have a very efficient force, which we increased in May of this year; in fact, practically doubled it.

Mr. KELLEY. This is simply to pay the expenses of the commission from the time the old law stopped until the present law expires?

Mr. ROPER. It is a little better than that, because of our economy. We have an unexpended balance from our appropriation, and instead of running us only to October 22, it will run us to December 22.

Mr. KELLEY. This $6,000 is the present balance?

Mr. ROPER. Yes, sir; that is the present balance, and it will be entirely expended by December 22. That makes it necessary to secure as early an appropriation as possible.

The CHAIRMAN. How many people are on your pay roll; what is the average compensation paid; and what is the aggregate pay roll monthly?

Mr. ROPER. There are 3 commissioners, 1 secretary, 1 attorney, 1 advisory assistant, and then there are 10 employees, including the secretary-reporter.

The CHAIRMAN. What is the aggregate monthly pay roll?

Mr. ROPER. The aggregate monthly pay roll is $2,815.94, plus $416.66 for the attorney.

The CHAIRMAN. How many cases are pending for adjudication before the commission?

Mr. ROPER. There are some 800 rent cases and approximately 100 possession cases. We are up to date, and have been for some time on possession cases.

The CHAIRMAN. How many cases do you dispose of in a month?

Mr. ROPER. We dispose of approximately 15 cases per day, and there are only four hearing days in a week. That would be 60 cases a week.

Mr. GALLIVAN. Does the commission take up any cases on its own initiative, or only those that are presented to it?

Mr. ROPER. Under the law they were authorized and directed to take them up on their own initiative, and they have started now to taking them up on their own initiative.

Mr. WOOD. Where there is a flagrant case of overcharge on the part of a property owner, has the commission any power to inflict a penalty by an assessment of costs for the hearing, or anything of that character?

Mr. ROPER. There is power to fix certain damages, but it is a very general power. In the case of a flagrant overcharge they are enabled to fix a rent which will be a kind of penalty also. In the case of the Monmouth Hotel, the commission reduced the rents 46 per cent. That was because of the wretched condition of the building, the condition of the service, and construction, generally. That was an apartment house at 1819 G Street.

Mr. WOOD. They did not tax them anything on account of the cost of the hearing?

Mr. ROPER. No, sir.

Mr. KELLEY. Where one tenant in an apartment house has a complaint, and your board reviews the situation and finds that the charge is exorbitant, do they then put the new charge into effect for other tenants?

Mr. ROPER. They have not done so previously.

Mr. KELLEY. Are they to do that?

Mr. ROPER. That is a matter of question. That has been a problem for them for sometime, and it is my opinion that they will do that in the future. We have had so much to do in the past in passing upon the complaints that were made, that we have simply passed on to another large apartment house, hoping that the owners would scale their charges down for the sake of fairness. They have done so in a few cases.

Mr. WOOD. Those have been very exceptional cases, have they not?

Mr. ROPER. Yes, sir.

Mr. ANTHONY. You mentioned the case of the Monmouth Hotel: How did you fix the value of that building? Did you base it on what it actually cost? That building was erected during the peak of war time construction costs. Did you fix it upon the basis of its actual cost or upon the present day cost?

Mr. ROPER. I will have to ask Capt. Oyster to answer that question.

Mr. OYSTER. It has been so long ago that I do not believe I will be competent to answer with reference to it.

Mr. KELLEY. Suppose you answer it in a general way, by stating whether you allowed the actual cost of construction to be the basis of the valuation, if that construction was made at the peak of war prices?

Mr. OYSTER. Well, each case governs itself. In the Monmouth Hotel case, that building was constructed in such a way that there was general complaint. As I recall it, there were 30 or 40 tenants who applied for a readjustment of rent there. We took the value of the property, and other contractors to give us estimates on what the building would cost. We had architects who gave us their views, and we had the assessor of the District to testify as to the ground values. We endeavored to be as liberal as possible in allowing these men a fair return on the investment. The conditions there in the Monmouth Hotel particularly were such that they were not entitled

to much, if anything, for the reason that they were denying the tenants all comforts, heat, elevator service, etc. They furnished some of the apartments, and I think they asked as much as 300 per cent on the value of the furniture, or were asking it. That was in addition to the exorbitant rent they charged them for the rooms. Mr recollection is that we cut those prices quite a good deal, especially on those furnished rooms.

Mr. ANTHONY. What has been the general policy in determining values? Do you determine them on the prewar value of the building, the actual cost of construction, or the present-day value? Would you take the actual cost of the building, if it were put up during the war peak cost of construction?

Mr. OYSTER. We estimated, of course, as to what the buildings cost, and building costs increased during the war anywhere from 10 to 30 per cent.

Mr. ANTHONY. Do you go into the actual costs?

Mr. OYSTER. We took care of each case as it was presented to us separately. Of course, some buildings were much better constructed than others, and we tried to be as liberal as we could toward the investment made by those builders.

Mr. ANTHONY. What is the interest rate for loans of money on apartment buildings now? What does the builder have to pay for his money?

Mr. OYSTER. I understand it is about 7 per cent.

Mr. ANTHONY. What is the highest rate the builder had to pay during the war?

Mr. OYSTER. The highest I ever heard of was about 8 per cent.

Mr. ANTHONY. If you allow a man only 6 per cent net revenue, how can he afford to pay 8 per cent for the money that went into the building?

Mr. OYSTER. The secretary of the commission has answered that.

Mr. SISSON. I understood the clerk to say that they added that interest in the cost.

Mr. OYSTER. They would not allow them 6 per cent on the borrowed money.

Mr. SISSON. I understood that from the clerk.

The CHAIRMAN. He allowed that as a part of the expense of operating the building.

Mr. ANTHONY. Would it be practicable for anybody to pay 7 per cent for money that goes into rental property? Is not that practically prohibitive?

Mr. OYSTER. If they paid 7 per cent they only get 7 to 8 per cent for it.

Mr. ANTHONY. They used to pay about 5 per cent.

Mr. OYSTER. Before the war you could get money here at 4 per cent on apartment houses. Not many of them paid as much as 5 per cent but during the war the rate increased.

The Rent Commission acted very promptly after organization, and got together the best information they could get from builders and others, and they fixed what they considered a fair and reasonable increase over the prewar prices. That was a guide in a sense for the Rent Commission, and they have followed it. They followed it until this case went to the Court of Appeals, where the law was declared unconstitutional by a divided court. Then all of these landlords who had had cases determined by the Rent Commission

immediately advanced their rents from 75 to 100 per cent. Those who have increased such prices will probably be handled by the Rent Commission, now that the Supreme Court has declared the law constitutional. I understand many of those people have come in and turned over all of the increased rent that they have collected over the amount fixed by the Rent Commission. That was largely because of the fact that a penalty was attached, and they did not want their action made public. I understand they have returned the excessive rents, or the amounts collected in excess of the rent fixed by the Rent Commission.

Mr. SISSON. The tenants will get the benefit of that?

Mr. OYSTER. Yes, sir.

Mr. BYRNS. Did I understand you to say that there was only one suit pending?

Mr. ROPER. No, sir; there is one large suit pending.

Mr. BYRNS. That rather indicates that the landlords of the city here see that the Rent Commission has not done them any serious injustice in fixing the rents.

Mr. ROPER. That is true. In the matter of the Monmouth Hotel, it should be pointed out that the evidence in that case showed that there was a great deal of secondhand material put into the building, even though it was built during the war. The evidence showed that the elevators were second hand, and that even the window frames were second hand. The heating plant was a vapor-heating plant which, according to some of the testimony, had not been tried out thoroughly, and even to-day it will not heat a part of the building. It is impossible to heat it, and the owner has offered $10,000, I am informed, to anybody that would show him what is wrong with the heating plant and how to make it heat the building.

Mr. OYSTER. The moral effect of that was wonderful, and it brought a great many people together on a compromise basis.

The CHAIRMAN. Will you be kind enough to furnish for the record a copy of your pay roll, and a statement of any incidental expenses you may have outside of the pay roll, so that we may have it definitely before us?

Mr. ROPER. I will do so.

EXHIBIT A.

Pay roll from October 16 to 31, 1921.

Name and designation.	Rate of pay per annum.	Period of service.	Number of days.	Total paid.
A. Leftwich Sinclair, member	$5,000.00	Oct. 16 to 31	16	$208.33
Clara Sears Taylor, member	5,000.00	do	16	208.33
Wm. F. Gude, member	5,000.00	do	16	208.33
Chapin Brown, attorney	5,000.00	do	16	208.33
Daniel C. Roper, jr., secretary	3,000.00	do	16	125.00
W. P. Richards, advisory assistant	1,000.00	do	16	41.67
Helen F. Rosebrook, clerk	1,800.00	do	16	75.00
Emily Swing Clark, secretary and reporter	1,800.00	do	16	75.00
Marie E. Boardman, clerk	1,640.00	do	16	68.33
Inez L. Hamlin, stenographer and typist	1,640.00	do	16	68.33
Anna M. Halbhuber, typist	1,500.00	do	16	62.50
Jean L. Colwell, clerk	1,440.00	do	16	60.00
Florence E. Pate, clerk	1,440.00	do	16	60.00
Ella M. Carter, clerk	1,440.00	do	16	60.00
Arthur O. Morris, messenger	1,080.00	do	16	45.00
Joseph Fitzgerald, bailiff	1,000.00	do	16	41.67
Total semimonthly pay roll				1,615.82
Total monthly pay roll				3,231.64
Total annual pay roll (on present basis)				38,780.00

EXHIBIT B.

Statement as of Nov. 1, 1921, showing incidental expenses of the Rent Commission of the District of Columbia in addition to salaries.

From Jan. 21, 1920, to Nov. 1, 1921:			
Salaries paid to Nov. 1, 1921		$48,621.78	
Actual incidental expenses:			
Rental of quarters	$4,202.50		
Fitting up and enlargementof quarters	1,055.92		
Furniture and equipment	1,650.00		
Stationery	1,684.76		
Printing	538.40		
Telephone service	424.20		
Periodicals, books of reference and telegrams	107.32		
General services in cleaning offices, linen, etc.	30.00		
Incidental expenses incurred to Nov. 1, 1921		9,693.10	
Unexpended balance of appropriation to last until Dec. 22, 1921		6,685.12	
Total appropriations made for the Rent Commission			$65,000
Estimated incidental expenses on a per-month basis, showing enlarged items and additional items now necessary:			
Salaries	$3,231.64		
Rental of quarters	205.00		
Stationery and equipment	125.00		
Printing	100.00		
Telephone service	35.00		
Periodicals, books of reference and telegrams	15.00		
General services (char service, time service, linen service, repair service for offices)	50.00		
Briefs, court fees, etc., for attorney	425.00		
Total expense budget on per-month basis	4,186.64		
Aggregate incidental expenses—5 months		4,775.00	
Salaries—5 months		16,158.20	
Additional appropriation needed for expenses of the Rent Commission from Dec. 22, 1921, to May 22, 1922, the expiring day of the rents act, i. e., for a period of 5 months, with an allowance of some $4,000 for emergencies that may arise		4,066.80	
			25,000

MONDAY, NOVEMBER 7, 1921.

INTERSTATE COMMERCE COMMISSION.

STATEMENTS OF MR. GEORGE B. McGINTY, SECRETARY, AND MR. W. M. LOCKWOOD, DISBURSING OFFICER.

The CHAIRMAN. Mr. McGinty, we have an estimate from the Interstate Commerce Commission for an additional appropriation, which we should like very much to have you tell us about, but before you begin to tell us about the desirability, from your standpoint, of this appropriation, we should like to have you tell us how you have allotted the $1,900,000 which was appropriated for the use of the commission.

Mr. McGINTY. We have 13 major bureaus in the commission.

The CHAIRMAN. Will you please enumerate them?

Mr. McGINTY. Administration, finance, accounts, statistics, formal cases, informal cases, traffic, law, inquiry, service, safety, locomotive inspection, and valuation.

FUNCTIONS OF BUREAUS.

The CHAIRMAN. Can you briefly state the functions of each one of those bureaus, in just a word as to each?

Mr. McGINTY. Administration takes care of internal detailed administrative duties, expenditures, clerical assistance, files, stenographic work, docket work, serving of notices, and so forth.

Finance, I think I mentioned that next, is the newest organization in the commission, built up as a result of the new activities placed upon the commission by the transportation act of 1920.

The CHAIRMAN. Under which they are authorized to make loans?

Mr. McGINTY. Authorized to make loans, to issue certificates of public convenience and necessity when approved by the commission. It handles matters respecting acquisition of control by one carrier of another carrier—consolidation of carriers, recovery of excess net railway operating income, general railroad contingent fund, retention of excess earnings from newly-constructed lines of railroads, issuance of securities, assumption of obligations, reimbursement of deficits during Federal control, guarantee of income after termination of Federal control, etc.

The CHAIRMAN. Please enumerate the other bureaus.

Mr. McGINTY. Accounts—under section 20 of the act to regulate commerce we prescribe the manner in which the carriers' accounts shall be kept, with which, I think, you are familiar.

The CHAIRMAN. Yes, sir.

Mr. McGINTY. We have used that bureau also in the work of completing the adjustments of the railway operating income for the test period, which were made necessary as a result of our examinations of the accounts for the three years ended June 30, 1917, for the purpose of enabling the commission to make final certification to the President of the amount of average annual operating income of carriers under Federal control.

Statistics cover all the statistical information with respect to the carriers. I think, perhaps, you know what I mean by that.

The CHAIRMAN. Yes, sir; it is not necessary to go into details about that.

Mr. McGINTY. Formal cases; that is, the bureau in which attorneys are employed for the purpose of assisting the commission in handling formal cases. These attorneys, designated examiners, act more or less as masters in chancery—go out and take the testimony in formal proceedings for the commission and come back and prepare tentative reports for the consideration of the commission.

The CHAIRMAN. That applies to rates?

Mr. McGINTY. To complaints as to excessive, discriminatory, unreasonable rates and other violations of the act to Regulate Commerce.

Mr. KELLEY. Are they all attorneys?

Mr. McGINTY. In that bureau they are all attorneys.

Mr. KELLEY. How many of them are there?

Mr. McGINTY. Seventy-one. Informal cases in our bureau which handles for the commission the thousands of complaints that come to us more or less in an initial form of inquiry or complaints that are made to us which we believe we can adjust between the complainant and the carrier without the necessity and expense of formal proceedings. We dispose of thousands of complaints yearly in this informal bureau, in which must be correspondence clerks who are familiar with the rulings and precedents of the commission and the law.

Traffic. The carriers are required to file with us two copies of each tariff and our bureau of traffic has charge of all of these tariffs. In this bureau are boards, sections, and divisions which deal with the publication and filing of tariffs; the suspension of rates pending investigation; applications for relief from the provisions of section 4 of the act; the classification of freight; express charges; matters affecting charges for transportation, etc.

Law. We have a small number of people in our bureau of law, the chief counsel and two assistant counsels. They take care of the orders of the commission that are attacked in the courts and also give us legal interpretations on many questions that arise within the commission.

Inquiry. A bureau which originally was named bureau of investigation, which indicates in a way the meaning of the bureau. It is not a bureau of prosecution, but we do investigate complaints of discriminations, violations of the law, and we turn the evidence over to the Department of Justice and assist the United States attorneys in handling such matters.

Mr. KELLEY. It is the criminal section?

Mr. McGINTY. Yes, sir; it is the criminal section.

Service. During the congestion at this time last year this was about the most important bureau that we had, because it had to handle the service of cars, the congestion, embargoes, and matters of that kind. We have had very little service work lately and therefore we have a very small service bureau now.

The CHAIRMAN. It directs the allotment of equipment to different places?

Mr. McGINTY. Exactly. If we should be pleasantly surprised with an unusual movement of traffic, then, again, this would be one of our most important bureaus.

Safety—we operate under several safety acts, respecting safety appliances, standard hours of service, investigation of accidents, investigation of new devices for the safety of the traveling public, all matters of safety of that description fall within that bureau.

The CHAIRMAN. Regardless of whether you are investigating or enforcing the acts?

Mr. McGINTY. Yes, sir.

Locomotive inspection is also safety, but applies only to the locomotive. Originally the law required us to inspect the locomotive boiler and later on Congress put the inspection of the entire locomotive under this bureau.

Valuation is the ascertainment of the value of the properties of the carriers and we have been proceeding with it several years, and I think, perhaps, you are familiar with that.

The CHAIRMAN. Is the new act under which you value the properties now used for transportation purposes for the purpose of making rates, is that incorporated in the valuation service?

Mr. McGINTY. The transportation act places upon the commission the responsibility of prescribing rates under certain conditions which shall earn a fair return upon the aggregate value of railway property held for and used in the service of transportation.

The CHAIRMAN. Is that included in this activity?

Mr. McGINTY. The transportation act also says that the commission may utilize the results of its investigation under the valuation act, which it did in ex parte 74. We are winding up this valuation work. We have recently discontinued all of our field offices because the field work has been practically completed and we are bringing now to Washington what remains of our valuation field work, so that the computation work and the reports may be done and prepared here. Last year our appropriation was $2,750,000 for valuation and this year we propose to keep within our present appropriation of $1,750,000.

Mr. KELLEY. What will the entire valuation cost?

Mr. McGINTY. Judge Prouty stated to you on several occasions that it would be around $20,000,000, and I believe, so far as the Government is concerned, that he will not miss it very far.

The CHAIRMAN. Have you enumerated them all?

Mr. McGINTY. I think so.

GENERAL EXPENSES.

The CHAIRMAN. Please tell us how you have allotted the $1,900,000 appropriated for 1922 among these various activities, if you have allotted it?

Mr. McGINTY. Yes, sir; we allotted it in this way: The commission prescribes a classification, which to the secretary and chiefs of bureau is just the same as law, for each bureau chief and the secretary must recommend to the commission what is needed for a certain activity. The commission prescribes so many people at such and such salaries for that bureau. In that way we do apportion our appropriations, but we do not attempt to make any apportionment by bureau of what it may spend for the necessary articles to carry on the work, stationery, etc.

ALLOTMENTS MADE FROM APPROPRIATIONS.

The CHAIRMAN. Not for the particular thing. Can you give us the allotments which were made for the various activities?

Mr. McGINTY. The commissioners' offices (that does not include the commissioners or the examiners because the examiner, even though he is assigned to a commissioner, is carried on the roll of the Bureau of Formal Cases). Eleven commissioner's offices, stenographers and messengers, 29 employees—shall I give it to you for the last year or for the current year, including the $300,000 that we are asking for?

The CHAIRMAN. No; just covering the $1,900,000 which has already been authorized. Then, after you have given us that, we

will ask about the activities to which the allotments have been made and how you are to apportion the $300,000.

Mr. McGINTY. I have that information here on the basis of our present actual employments, although I expect I will have to explain that.

The CHAIRMAN. That is all right.

Mr. McGINTY. Our 1920–21 appropriation was $2,100,000. In March, 1920, after the transportation act was passed we immediately submitted a supplemental estimate for $600,000 to take care of the additional activities put upon us by the transportation act, and we built up our organization as quickly as we could on that basis.

The CHAIRMAN. On the basis of $2,700,000?

Mr. McGINTY. On the basis of $2,100,000, which was the total of last year's appropriation. That is what I have before me here and that is the reason we are asking for a deficiency; in other words, we built up our organization to the basis of $2,100,000, which was necessary to take care of the additional duties placed upon the commission by new laws, and it will not now be possible to continue to perform all of those additional duties or to carry on the work as of to-day within an appropriation of $1,900,000.

The CHAIRMAN. That would be only $200,000, the difference between $1,900,000 and $2,100,000?

Mr. McGINTY. Yes, sir; I should have said $200,000. The commission also realizes that it will not be able to keep within $2,100,000 during the next fiscal year if it is to comply with all of the provisions of the transportation act, and therefore its estimate for 1922-23 is $2,400,000, but it is on the basis of our present organization that I am giving you this allotment which is a little in excess of the $2,100,000 that we had last year.

The commissioners' offices, 29 employees, $62,760.

The CHAIRMAN. That is the allotment for what?

Mr. McGINTY. For the 11 commissioners' offices. The secretary's office, 24 employees——

Mr. KELLEY (interposing). Is that the allotment or is that what the bureau calls for?

Mr. McGINTY. That is what the clerical assistance furnished to the offices of the commissioners, all 11 commissioners, will cost.

The CHAIRMAN. You did not allot the $1,900,000. What we want to know is how much you calculated it would cost or what the number on the pay roll might require.

Mr. McGINTY. As I tried to explain a moment ago, each office or each bureau has a certain number of employees for certain work. For instance, the Secretary's office, 24 employees.

The CHAIRMAN. Permit me to ask you right there, if I may, when you did that, would that be in excess of the amount of the appropriation?

Mr. McGINTY. No, sir.

The CHAIRMAN. Then, of course, that would be the allotment?

Mr. McGINTY. It, together with the other expenses of the commission, will be in excess of the $1,900,000 already appropriated for this year, because our organization was built up to $2,100,000 on June 30 of the last fiscal year, when we had that much appropriation, and we could not——

The CHAIRMAN (interposing). What I think we ought to know is whether when you knew that you had $1,900,000 you made the allotment on the basis of what you had or on the basis of what you thought you should have. That is what we want to know.

Mr. McGINTY. We simply continued into the current year our organization and work on the basis of what it had been built up to in June of last year under the appropriation of $2,100,000.

The CHAIRMAN. The law requires that the allotment be made on what you have, not on what you had, nor what you thought you were likely to have.

Mr. McGINTY. Mr. Chairman, I am trying to explain that on June 30 we were working under an appropriation of $2,100,000.

The CHAIRMAN. That is, you figured working on it then?

Mr. McGINTY. Yes, sir.

The CHAIRMAN. You commenced working on the $1,900,000 on the 1st of July?

Mr. McGINTY. Yes, sir.

The CHAIRMAN. What we should like to know is what you did with the $1,900,000.

Mr. McGINTY. Beginning on July 1 we continued our work on the June basis of the previous fiscal year and waived our apportionment, knowing that we would have to come here to you gentlemen and ask you to give us an additional amount to permit us to continue to operate on that basis.

The CHAIRMAN. When did you do that?

Mr. McGINTY. We did that in the beginning, July 1.

The CHAIRMAN. The first day of the year?

Mr. McGINTY. Yes, sir; as a matter of fact this action was considered by the commission prior to July 1, as being necessary.

The CHAIRMAN. As a matter of fact, you did not try to work your minds into the necessity of conforming to the law, you simply made a law of your own?

Mr. McGINTY. No; we thought that we were complying with the law in waiving the allotment.

Mr. BYRNS. You made no reduction in your allotment, notwithstanding the fact that there was $200,000 less appropriated?

Mr. McGINTY. No; because we came to you immediately with a deficiency estimate.

The CHAIRMAN. I think, Mr. Secretary, that we might just as well have a clear understanding of what my attitude is. I do not conceive it to be the right of any governmental agency on the very first day of the fiscal year, notwithstanding the limitation fixed by the appropriation, to proceed without any regard to that limitation and to create any obligation which the Government agency may think proper to create.

I have a sort of a sacred opinion about the laws of the country and I have always considered that appropriations were just as binding laws as any other. If I were an executive officer of the Government I would consider that I was bound by the letter of the law to proceed under the law and not outside of the law, at any rate, to the extent that would be necessary by an endeavor to prove my good faith to conform to the law and then, if after a long period of attempting to conform, it was manifest that it could not be conformed to, it would then be time enough to take the other attitude, but I think

that where a governmental agency says from the first day that the law becomes effective that this law is no guide, it does not mean anything, it does not need to be obeyed, then, I think that is a reprehensible practice.

Mr. SISSON. Mr. Chairman, of course you are familiar with the act of February 26, 1906?

The CHAIRMAN. Yes, sir; I was on the committee and helped to frame it.

Mr. SISSON. Are you familiar with that act?

Mr. MCGINTY. With what act?

Mr. SISSON. The act called the antideficiency act, of February 26, 1906. Omitting that portion of it which describes the act, it goes on and says that when an appropriation is made no department of the Government or any officer shall create a deficiency unless upon the happening of some extraordinary emergency or unusual circumstance, after the making of the appropriation. Well, of course, you commenced to create a deficiency before you spent a dollar. You brushed aside the act of Congress instantly and continued according to your previous year's appropriation. Here is the penalty:

> Any person violating any provision of this section shall be summarily removed from office and may also be punished by a fine of not less than $100 or by imprisonment for not less than one month.

That was a statute which was passed to prevent doing just exactly, as I understand, what has been done here.

The CHAIRMAN. Yes, sir.

Mr. MCGINTY. Mr. Chairman, evidently I have not made the commission's intent clear.

The CHAIRMAN. You have made their action clear, I do not know what their intent was.

Mr. MCGINTY. In accordance with that law, subsequent to the submission to the Congress of our original estimate and subsequent to the enactment of your sundry civil bill giving us this appropriation, there were numbers of acts passed placing additional duties upon the commission. The commission proceeded as best it could to take care of those additional duties. The commission felt, in view of the condition of the country to-day and what it was in June and July, that with an organization efficient, built to up handle the matters that were before the commission, it should proceed to handle those matters in the best interest of the Government, and appeal to the Congress at the very first opportunity, which it did, with a statement of what it was doing and a request for approval of its action by an increase in this appropriation.

The CHAIRMAN. Let me make this suggestion in that connection. I would like to tell you what I would do in that case if I were a commissioner, and I do not think we would have to neglect any of the duties to do it.

If we assume it would cost you $2,100,000 to do a certain thing or a certain number of things, and you only had $1,900,000 to do it with, I would proceed to apportion the $1,900,000 to the extent it would go, and I would show my good faith by endeavoring to enforce the acts as far as the money went; but you did not do that. You started out by forgetting the law and saying, "We are going to need $2,100,000. We only have $1,900,000, it is true, but we don't care

anything about what Congress says about that. That is only an incident. They are a necessary nuisance that we have to submit to."

Mr. McGINTY. Mr. Chairman, may I take another attitude there? Under this allotment, as I call it here, of the expenses that each bureau may incur during the year, the total of it is 926 employees at $1,785,870.

The CHAIRMAN. That was your allotment.

Mr. McGINTY. That leaves us a margin of about $115,000 which we could try to get along with within our present appropriation of $1,900,000, but to do so we would have to cut out practically all of our traveling expense and outside official reporting expense, and put the parties to proceedings before the commission to their personal expense of coming and bringing witnesses to Washington for their hearings, etc. So really if you want to construe it in that way——

Mr. SISSON. Then you can get through the year without any additional funds?

Mr. McGINTY. We can not, Mr. Sisson, and operate efficiently. As I said before you came in, we have one new activity which alone costs us $305,000, more than the amount of this deficiency estimate, our Bureau of Finance, which handles the major portions of the duties placed upon us by the transportation act of 1920, which, if we were to discontinue, would leave us, the carriers, and doubtless the public, in general in a deplorable condition.

The CHAIRMAN. I do not complain, Mr. McGinty, so much about the fact that you may not be able to get along within the amount of money that was appropriated. What I complain about is that you did not pay any attention to the act of Congress. You just said, "Well, what has Congress to do with it. We are here to do what we think we ought to do, and we are going to do it, and we will simply make our allotments and operate our institution according to our theory of what should be done, and then let Congress do what it likes about it."

Mr. KELLEY. I think, possibly, Mr. McGinty's statement was not really what the facts would warrant from his subsequent statement in which he shows that the activities that were in force on the 1st of July amount to $1,785,000, and then since that time, by reason of these other laws that have been passed, further activities have been put upon the commission which they think could not be carried on for the difference between that amount and the amount of the appropriation.

The CHAIRMAN. Of course, if he had stated it in that way there would have been some justification.

Mr. SISSON. If that is true, then the commission got too much money in the first instance.

Mr. KELLEY. Well, that might be.

Mr. SISSON. In other words, if his allotment was within one hundred and odd thousand dollars of what he actually needed, then he asked for too much money in the first instance. If he asked for what he needed, then what the chairman has said is absolutely true.

Mr. BYRNS. But, as I understand you, Mr. McGinty, the allotments to which you refer, amounting to $1,785,000, simply apply to your clerical force?

Mr. McGINTY. That is all.

Mr. BYRNS. And the commission has other expenses in the way of rents, printing and binding, and things of that sort?

Mr. McGINTY. Yes; but some of that comes under a separate appropriation.

Mr. BYRNS. You mean in addition to the appropriation of $1,900,000?

Mr. McGINTY. Yes, sir.

Mr. KELLEY. I understood from Mr. McGinty that all the activities of the commission were covered under these bureaus?

Mr. McGINTY. This covers the salaries, gentlemen, of all the employees of the commission that I spoke of here.

Mr. SISSON. Then it must follow that you asked for more dollars than you had salaries at that time?

Mr. McGINTY. I know, but the additional money was to take care, just as was said by Mr. Byrns, of rents and other expenses of the commission.

Mr. SISSON. I thought your later statement confined it to salaries alone?

Mr. McGINTY. If I may, I will put in the record our classified expenses for the last fiscal year and also a statement of what our expenditures, classified will be during the current year if we are permitted to proceed on the present basis.

Mr. SISSON. I notice the provision for your appropriation includes your per diem in lieu of subsistence and all other authorized expenses. It looks to me like you could spend it for almost anything on earth under that language. I do not know what you are restricted to because it says, "For all other authorized expenditures."

The CHAIRMAN. Let me read that part of the act which covers the appropriation of $1,900,000:

For all other authorized expenditures necessary in the execution of laws to regulate commerce, including per diem in lieu of subsistence when allowed pursuant to section 13 of the sundry civil appropriation act approved August 1, 1914, $1,900,000, of which sum there may be expended not exceeding $50,000 in the employment of counsel, not exceeding $3,000 for necessary books, reports, and periodicals, not exceeding $100 in the open market for the purchase of office furniture, similar in class and kind to that listed in the General Supply Committee schedule, and not exceeding $120,000 for rent of buildings in the District of Columbia, provided that this appropriation shall not be available for rent of buildings in the District of Columbia if suitable space is provided by the Public Buildings Commission.

So that really it covers your rents, your salaries, the employment of counsel, etc.?

Mr. McGINTY. For the last fiscal year our pay roll was $1,527,014.28; transportation, $39,233.45; subsistence, $32,632.96; communication, $8,470.71; stenographic services, $57,614.89; other services, $24,335.23; stationery, $26,675.68; other supplies, $33,794.92; office furniture, $33,008.45; mechanical office equipment, $25,884.10; books, $2,980.05; other equipment, $12,454.52; rent of buildings, $74,350.49; other rents, $1,832.30; total for the year, $1,900,282.03.

The CHAIRMAN. That was for last year?

Mr. McGINTY. That was for last year and gave us an unexpended balance of $199,717.97.

The CHAIRMAN. That was the year for which you had $2,100,000 available?

Mr. McGINTY. Yes, sir.

Mr. SISSON. Referring to the item of subsistence, how much was that?

Mr. McGINTY. $32,632.96.

Mr. SISSON. What does that include?

Mr. McGINTY. That includes the per diem of $4 that we allow in lieu of subsistence, and for the commissioners and the attorney examiners, actual expenses basis, not exceeding $5 a day.

Mr. SISSON. It occurred to me that that was a pretty lively expense for that particular purpose. They must all live away from their place of residence.

Mr. McGINTY. When I tell you that during the first six months of this year we had 821 formal complaints filed with the commission and that the commissioners and the examiners go out into the field to conduct the hearings, you will appreciate that there is considerable travel necessary. Some of these items may seem a little heavy, but I can explain that by the fact that, on a comparative basis, in December, 1919, we had a total of 593 employees at a total annual salary of $989,860; in September, 1920, we had 793 employees at $1,447,180; and in September, 1921, just passed, we had 926 employees at $1,785,870, and this increase was due to the transportation act. On the apportionment or allotment we probably have erred in that, but experience is our only teacher and we will not do it again. We will find out just how we should handle that and give you no further cause for complaint in this regard.

The CHAIRMAN. The principal thing that occurred to me was that whatever you might end up by doing, you at least ought to begin by obeying the law.

Mr. McGINTY. We certainly intend to obey the law.

DEFICIENCY ESTIMATE.

The CHAIRMAN. Now tell us what you are going to do with this $300,000 and how you are going to apportion it, assuming you get the appropriation?

Mr. McGINTY. I gave you a few moments ago the detail of expenditures for last year, and now I will give you exactly what the commission in conference decided it would need for this year, which is on the basis of our present activities:

Pay roll, $1,835,870; transportation, $50,933; subsistence, $44,332.

The CHAIRMAN. That is $12,000 more than last year?

Mr. McGINTY. Yes, because of the increase I gave you in employees a few moments ago.

Communication, $9,000.

The CHAIRMAN. Is that telegraphing and so forth?

Mr. McGINTY. Yes.

Stenographic services, $88,396; other services, $25,000; stationery, $10,000.

You will notice there are tremendous drops here under last year.

Other supplies, $15,000; office furniture, $5,000; mechanical office equipment, $5,000.

The CHAIRMAN. Why do you need so much office furniture?

Mr. McGINTY. We needed it on account of the increase of employees last year, but you will see that expense is now practically down to nothing.

The CHAIRMAN. Do you get your furniture from the General Supply Committee?

Mr. McGINTY. Yes, sir.

Mr. SISSON. Did you get any of this furniture that the War Department put in storage all over the city here?

Mr. McGINTY. Oh, yes.

Mr. SISSON. Or did you buy absolutely new furniture?

Mr. McGINTY. We got the War Department and other used furniture. In this connection we made a wonderful record recently in moving our San Francisco valuation office to Washington, previously referred to. We did not bring a single desk or any furniture here, except a few pieces of filing furniture and, of course, our records. We turned the furniture over to another activity of the Government for use out there and they gave us the same things here, and we got a Government transport that was coming this way to haul the file cases and records, so the move did not cost us anything.

Mr. GALLIVAN. What is the increase in the stenographers' bill?

Mr. McGINTY. From $57,000 to $88,000, an increase of $31,000. That is due to the fact of an increase in the rates. We were paying 42 cents per page for an original and two carbon copies, a total of three. The reporters who had it at that figure declined to do the work during the ensuing fiscal year, which is the current fiscal year, so we had to let it out for contract again.

Mr. GALLIVAN. This stenographers' bill is all incurred in the field and not in Washington. You have your own stenographers in Washington?

Mr. McGINTY. The commission stenographers are obtained through the civil service.

The CHAIRMAN. These are expert stenographers used in taking testimony?

Mr. McGINTY. Yes, sir; obtained under contract. So the present rate per page for the field work is 59 cents instead of 42 cents last year, and that was the lowest bid we could possibly get, which accounts for the increase. There is a provision in our estimate for next year, which was included by the Bureau of the Budget and I presume it will come to you, which it is claimed will permit us to do this work and sell copies and make it pay for itself.

The next item is mechanical office equipment, $5,000; other equipment $5,000; books, $3,000; rent of buildings, $80,000; other rentals, $6,000; special investigations, $17,469, making a total of $2,200,000

The CHAIRMAN. That is the way you have allotted the $1,900,000?

Mr. McGINTY. I am afraid to use the word allotted, because I got myself in trouble a while ago.

Mr. SISSON. That is the way you expect to spend it?

Mr. BYRNS. That statement refers to the appropriation of $1,900,000 plus the $300,000 of deficiency.

Mr. McGINTY. Yes, sir. This is to run the commission on the basis of its operations to-day.

The CHAIRMAN. Are you able to give us the monthly expenditures for July, August, September, and October?

Mr. McGINTY. Yes, sir; for July, August, and September.

The CHAIRMAN. Give it to us by months.

Mr. McGINTY. For the month of July, $169,330.94; for the month of August, $168,083.94; and for the month of September, $172,010.35.

The CHAIRMAN. And you have not the figures for October?

Mr. McGINTY. The figures are not complete yet for October.

The CHAIRMAN. That would mean $509,000 for the quarter, which at that rate would be a little over $2,000,000 for the year?

Mr. McGINTY. Yes, sir.

The CHAIRMAN. Are you reducing or increasing the force?

Mr. McGINTY. We are reducing in this way: The commission thought that it should not ask for a deficiency of more than $300,000, and the heads of offices and the chiefs of bureaus are using every endeavor to cooperate with the commission and with the Bureau of the Budget in keeping our expenses to the lowest possible minimum this year. So there is considerable voluntary overwork and night work that is going on now in the commission to carry on work where a man drops out or resigns or gets another position somewhere else that is better, and we have at the present time vacancies which we are not filling, and we are decreasing in that way.

The CHAIRMAN. Has the commission in contemplation any study of the efficiency with which the railroad systems of the country are being operated with a view to reaching a conclusion that might lead to a reduction in transportation rates?

Mr. McGINTY. The commission has the subject under consideration at the present time, but it has not proceeded with it because of inadequate appropriation.

The CHAIRMAN. If the deficiency now asked by the commission should be granted by Congress, would any part of the amount granted be used to obtain information which I have outlined?

Mr. McGINTY. Yes, sir; in the statement I have just read please note that I included for special investigation $17,469.

The CHAIRMAN. That is, $17,000 of the $300,000 would be used for the purposes indicated by the question I have just asked?

Mr. McGINTY. Yes.

The CHAIRMAN. Would that be all that was used?

Mr. McGINTY. No; that would not be all of it, because the money we are saving now by not filling vacancies, as they are created, would probably be used, because this $17,000 would not go very far. One expert alone probably would take up that amount.

The CHAIRMAN. Then if the activities suggested by my question were entered upon it would involve the expenditure of a considerable amount of money?

Mr. McGINTY. Yes.

Mr. GALLIVAN. Which is not now available?

Mr. McGINTY. That is true.

The CHAIRMAN. In your opinion, would it be likely to result in any saving to the public in the way of a reduction of freight rates?

Mr. McGINTY. That depends, of course, upon the finding of the commission.

The CHAIRMAN. Mr. McGinty, will you be kind enough to state for the information of the committee whether any part of this increased cost which necessitates the deficiency is due to increased compensa-

tion paid to those who are in the service of the Interstate Commerce Commission?

Mr. McGINTY. No, sir; increased employments, but not to increases in salaries.

The CHAIRMAN. What necessitated the increased employments?

DUTIES INCREASED BY TRANSPORTATION AND OTHER ACTS.

Mr. McGINTY. The new duties placed upon the commission by the transportation and other acts. In addition to the transportation act, other acts have been passed by the Congress since the submission by the commission of this estimate and action thereon by the Congress as follows: Public No. 15 of the Sixty-seventh Congress.

The CHAIRMAN. What does that provide?

Mr. McGINTY. The consolidation of telephone companies; Public No. 400, Sixty-sixth Congress, transportation of explosives; Public No. 389, Sixty-sixth Congress, transportation facilities on inland and coastwise waterways; and Public No. 328, amending the transportation act to authorize partial payments to carriers.

The CHAIRMAN. Right at this point, tell the committee what new duties were imposed upon the Interstate Commerce Commission by the transportation act, in addition to the duties that you were required to perform prior to the enactment of that law?

Mr. SISSON. You might put a statement of that into the record.

Mr. McGINTY. This [indicating] is the transportation act of 1920, and there are 48 pages of it.

The CHAIRMAN. Just give us an epitome of the new activities. You do not have to go into the details of it. For example, you must make loans to railroads and equipment must be supplied to weaker roads.

Mr. KELLEY. I would suggest that Mr. McGinty take the necessary time to do that and put it in his statement.

Mr. McGINTY. I was about to say that that would be the best way to do it. I could give you the headings of the different subjects in the act itself, but that would take quite a lot of time. I will be glad to cover it in a brief statement.

The CHAIRMAN. Put it in concise form. It might be well while you are doing that to indicate in a word or two under each heading what you think is the additional expense involved in the performance of the duties.

Mr. McGINTY. That will be an awful hard, if not impossible, thing to do, for this reason: That with the efficient organization that the Interstate Commerce Commission has, regardless of what additional activities are placed upon it most of them are dovetailed in with our regular work in such a way that it is almost impossible to tell what is the actual cost of the new work.

The CHAIRMAN. Make it lucid as possible so that a layman can understand it.

Mr. McGINTY. The new duties imposed upon the commission in part are as follows: In respect to the reimbursement of deficits during Federal control; guaranty of income to carriers after termination of Federal control; loans to carriers; formulation of regulations designating subordinate officials and prescribing manner in which nominations shall be made for appointment to membership on the

Railroad Labor Board; car service, which term includes the use, control, supply, movement, distribution, exchange, interchange, and return of locomotives, cars, and other vehicles used in the transportation of property, including special types of equipment, and the supply of trains; certificates of public convenience and necessity in re construction of a new line or extension of a line; abandonment of lines; requirement that carriers shall provide themselves with safe and adequate facilities for performing as common carriers their car service; the pooling of freights of different and competing railroads; consolidation of the railway properties of the continental United States into a limited number of systems; to the consolidation of the properties of two or more carriers; consolidation of express companies; consolidation of telephone companies; issuance of stocks and bonds; physical connections between the lines of rail carriers and docks; fixing rates to earn fair return upon the aggregate value of railway property of carriers held for and used in the service of transportation; disposition of net railway operating income in reserve fund; general railroad contingent fund, and how such funds may be expended and leasing of equipment or facilities purchased from contingent fund; retention of excess earnings from newly constructed lines of railroad; issuance of securities; assumption of obligations; installation after investigation and by order of automatic train safety or train control device or other safety devices which comply with specifications and requirements to be prescribed by the commission upon the whole or any part of a railroad, etc.

MONTHLY EXPENDITURES.

The CHAIRMAN. You have enumerated the monthly cost, beginning with July, at $169,000; for August, $168,000; and for September, $172,000, making an aggregate of $509,000, four times which would amount to $2,036,000. Deducting that amount from $1,900,000, would leave $136,000 as the deficiency instead of $300,000, if you kept on at the same rate for the rest of the year.

Mr. McGINTY. That is the reason I gave you the detailed or classified expenditures for the year. I will give you a few of our expenditures on certain items for the first three months. For instance, stationery, supplies, office furniture, mechanical office equipment, and other equipment, and various other items under this classified statement here, you will find that we have not had to purchase any during the first three months. Later on in this year the present supply will become exhausted and we will have to begin making purchases of these articles for our current use.

The CHAIRMAN. So you will not be able to say that the figures you have just given us are an underestimate?

Mr. McGINTY. They are not an underestimate by any means, but an arbitrary amount which the commission has told the heads of offices and chiefs of bureaus they must keep within this year, that positively, it would not ask Congress for a further deficiency, and they must keep down to that amount.

The CHAIRMAN. How do your expenditures for the first three months compare with the allotments that you made on the 1st of July? I understood you to say that you made your allotment upon the basis of $2,100,000, when you had only $1,900,000. Now, you

have been spending at the rate of $2,036,000, and you are asking for a deficiency of $300,000, which would not be justified by the facts.

Mr. McGINTY. I had not understood that as an allotment as I now understand it. In referring to the allotment of July 1, I thought of it as covering the salaries of the various offices of the commission.

Mr. KELLEY. What were the expenditures for July?

Mr. McGINTY. $169,330. So far as I can recall, we have never made an allotment by taking the appropriation and allotting it and saying what amount shall go for any specific purpose. Are we supposed to do that?

The CHAIRMAN. You are supposed to allot the entire appropriation so as to cover your activities by quarters.

Mr. McGINTY. Am I right in considering this detailed statement of expenditures here, showing what we will expend for such and such items, as an allotment?

The CHAIRMAN. Yes; I suppose if you should set that out at the first of the year as the amount you would expend for each of those activities, that would probably be your allotment.

Mr. KELLEY. If you divided that appropriation by 12, you would have about $160,000 per month. You have run over that amount by about $9,000 per month, I take it.

Mr. McGINTY. The chairman does not mean, as I understand him, that we are to allot it into 12 equal parts, but that we should allot it by amounts to cover the expenditures of the respective activities?

The CHAIRMAN. For instance, if you have 13 divisions and you divided the $1,900,000 into 13 parts, that would be an allotment. If you did not do that, of course, you did not make an allotment. Now, if you did not waive your allotment, you are spending money regardless of what the appropriation was and in violation of the law. You must waive your allotment in writing.

Mr. SISSON. Stating the reasons for it.

The CHAIRMAN. Here is the law on the subject:

All appropriations made for contingent expenses or other general purposes, except appropriations made in fulfillment of contract obligations expressly authorized by law, or for objects required or authorized by law without reference to the amounts annually appropriated therefor, shall, on or before the beginning of each fiscal year, be so apportioned by monthly or other allotments as to prevent expenditures in one portion of the year which may necessitate deficiency or additional appropriations to complete the service of the fiscal year for which said appropriations are made; and all such apportionments shall be adhered to and shall not be waived or modified except upon the happening of some extraordinary emergency, or unusual circumstance which could not be anticipated at the time of making such apportionment, but this provision shall not apply to the contingent appropriations of the Senate or House of Representatives.

Mr. SISSON. We excepted ourselves, you see.

The CHAIRMAN. Of course, we very seldom have anything. Unless some extraordinary condition should arise, we would not have any. That is what the law provides.

Mr. McGINTY. We certainly will comply with the law. We will know it in the future, but it is going to be most difficult to make the apportionment in view of the fluctuation in our work. For instance, Congress may pass one resolution necessitating an investigation by the commission that may cost anywhere from $1,000 to $50,000, and we do not know what additional activities will be placed upon us.

Mr. SISSON. The act provides for that. If an extraordinary condition should arise, that would be a reason for creating a deficiency.

Mr. MCGINTY. I was speaking about making an apportionment in advance.

Mr. SISSON. Suppose sometime after the allotment is made an act is passed which requires additional service from you. Under those circumstances, you would waive the allotment, and spend more money in one quarter than in another, and in your waiver you would state that owing to the passage of this act it became necessary to take from the last quarter certain funds.

Mr. MCGINTY. With whom should we file that waiver?

The CHAIRMAN. It is supposed to be reported in writing to Congress, through the Speaker of the House of Representatives.

Mr. MCGINTY. In the annual report?

The CHAIRMAN. No; you must report it to Congress.

Mr. SISSON. I think the custom has been to state the reasons in writing at the beginning of the session.

The CHAIRMAN. The act says:

> The same shall be waived or modified in writing by the head of such executive department or other Government establishment having control of the expenditure, and the reasons therefor shall be fully set forth in each particular case and communicated to Congress in connection with estimates for any additional appropriations required on account thereof.

Mr. BYRNS. I was about to say that it was reported to Congress when they submitted their estimates for the deficiencies.

The CHAIRMAN. Of course, they would not have to make a report unless they came here for deficiencies. There would be no violation of the apportionment unless they did create a deficiency.

Mr. SISSON. Laws are passed here so rapidly that it is utterly impossible to keep up with all of them. If you keep up with the ones relating to your own department, you will be doing well.

The CHAIRMAN. There is this to be taken into consideration, and I say it in the most kindly spirit: When a department fails to carry out the law and goes on without respect to what the appropriation may be and spends money in excess of the authority granted, they come here and say to us that they must have more, and the mere fact that we allow it makes us a culpable as they are, because we ourselves then ignore the law by allowing the deficiency. It seems to me that we should be law observers and not law violators.

Mr. MCGINTY. We are sorry to have given you trouble in that regard, but we were proceeding with the duty that had been delegated to us by Congress. You put on us more duties at one time than ever before, and we attempted to recruit our present force in a way that would enable us to take care of them. On June 30, we were proceeding upon the basis of an appropriation of $2,100,000. We just tried to go on and take care of the duties delegated to us by law with the knowledge that we would come here at the first opportunity with a deficiency estimate and ask you whether, or not, we should continue, and, if so, whether you would give us a deficiency appropriation in the necessary amount to do so. If not, we will then simply have to curtail our activities and expenditures and not be able to do all that we felt was required of us.

The CHAIRMAN. The proper spirit in which to enter upon that phase of the case would be to determine at the beginning of the year

to conform to the appropriation that was made instead of continuing on upon the basis of an appropriation that had been exhausted in the previous year.

Mr. McGINTY. When you say that you do not mean that we should have curtailed our work and force to the basis of the $1,900,000 appropriation, but you mean that we should have waived the allotment and report to you the reasons therefor.

Mr. SISSON. No; you must take the appropriation given you by Congress and try to get through the year. If nothing extraordinary happens, you must under the law get through with what Congress gives you, even if you have to curtail.

Mr. McGINTY. Then you do mean that we should have reduced our force to keep within the $1,900,000 at the beginning of the year?

Mr. SISSON. Absolutely; from the very first.

The CHAIRMAN. That is the purpose of the appropriation. The consensus of the opinion of Congress was that $1,900,000 was the limit beyond which you ought not to be permitted to go. If you could not perform all of your functions with $1,900,000, then you could say, "We have performed such functions as the $1,900,000 would pay for." Then, if that did not meet with the approval of the general public, you would have some argument to come back with, but you have none now.

Mr. McGINTY. You would be the first one to jump on us if we did that.

The CHAIRMAN. No, I would not.

Mr. McGINTY. If we had curtailed our force enough to come within that $1,900,000, it would have meant the cutting out, for instance, of this newly created Bureau of Finance.

The CHAIRMAN. You can not tell what it would be. You would have to figure that out. Let us take another case: Suppose you were the president of a big corporation, and we were setting around here as the board of directors, or suppose each one of us was the head of a division in the corporation, each charged with the responsibility of managing that division successfully. Now, suppose I, as the head of one of the divisions, came to you as president of the organization and said, "In order to develop the thing that I have in mind, and which I think will result in the expansion of the business and be beneficial to the general outcome, I think I ought to have the right to spend $100,000." Well, of course you would say, "We will look into it." Each one of the heads of divisions would come around and ask for the same thing, and you would say that you would look into it.

Now, would you be pretty sure that they would not spend any part of the money for the things they had in mind until you had looked into it and had given them authority to do it. That is exactly what we want you people to do. We are supposed to be here to speak for the people, or we are the board of directors and you people are the heads of divisions. We expect you to comply with the mandates of the board, and not for the board to comply with the mandates of the heads of departments.

Mr. McGINTY. I appreciate very much what you say, and I am sure the commission will. It is my duty to keep the commission advised on all those matters, but I confess that I did not know any

thing about any apportionment or allotment as between activities. I did not know that was required.

The CHAIRMAN. There must be some orderly method of procedure.

Mr. MCGINTY. I have been the secretary of the commission since 1913, and I was brought up in the work prior to that time under others handling these matters. I thought we were doing the right thing.

The CHAIRMAN. You have been doing a wonderful work down there, but this one particular thing on which you have fallen down affects the welfare of the taxpayers.

Mr. MCGINTY. We will not fall down again in regard to allotment.

Mr. KELLEY. I do not know whether it has been brought out exactly or not, but I think it would be a good idea to have in the record a statement of some kind showing the expenditures you anticipate that you will have to make as a result of these new activities which you have not had heretofore, or did not have during the months of July, August, and September, and also a statement showing about what amount would be required for each. What we want is a statement of the actual expenditures over and above those for the three months mentioned.

Mr. MCGINTY. I will furnish that by a comparative statement of last year's expenditures and the proposed expenditures of this year, as follows, but as previously stated, in view of the many additional duties delegated to the commission by the Congress it will not be possible to show the additional amount which will be required for each.

	1920-21	1921-22		1920-21	1921-22
Pay roll	$1,527,014.28	$1,835,870.00	Mechanical office equipment	$25,884.10	$5,000.00
Transportation	39,233.45	50,933.00	Books	2,980.05	3,000.00
Subsistence	32,632.96	44,332.00	Other equipment	12,454.52	5,000.00
Communication	8,470.71	9,000.00	Rents of buildings	74,350.49	80,000.00
Official reporting	57,614.89	88,396.00	Other rents	1,832.30	6,000.00
Other services	24,335.23	25,000.00	Special investigations		17,469.00
Stationery	26,675.68	10,000.00			
Other supplies	33,794.92	15,000.00			
Office furniture	33,008.45	5,000.00	Total	1,900,282.03	2,200,000.00

ENFORCEMENT OF SAFETY-APPLIANCE ACTS.

The CHAIRMAN. To enable the Interstate Commerce Commission to keep informed regarding and to enforce compliance with the acts to promote the safety of employees and travelers upon railroads, etc., you are asking $36,400. Is this in connection with the public acts to which you called our attention a few moments ago?

Mr. MCGINTY. No, sir; this is for safety entirely.

The CHAIRMAN. You are asking for $36,400 for this purpose.

Mr. MCGINTY. Yes, sir. The same condition prevails here as under the general appropriation. As an illustration, our appropriation last year was $336,000, and that was cut this year to $313,600. Now, under the $336,000 appropriation we expended $333,092.52, and in order to keep within the appropriation of $336,000 it was necessary for us to place our entire inspection force on leave of absence without pay during the last half of June. By doing that we not only kept within the $336,000, but had an unexpended balance of

$2,907.48. Therefore this activity is proceeding, by direction of the commission, with the work this year upon the basis of the work as it was actually being performed on the 30th day of June.

The commission considered whether or not it should attempt to curtail the work so as to fall within the $313,600 appropriation, as it did with the accounting work and the locomotive-inspection work. It decided in the case of the accounting work and locomotive-inspection work that it would curtail these activities to keep within the appropriation, but the commission felt that the Congress would not wish it to curtail this safety work, in view of the necessity for inspection work for the safety of the traveling public. In view of that fact, it waived its monthly allotment under the $313,600 and allowed the work to proceed during this year on the basis of what it was last year.

The CHAIRMAN. If the amount requested is not allowed, what would be the effect?

Mr. McGINTY. Well, the effect would be that perhaps there would be less compliance with our safety requirements, and there would be more accidents, more loss of limb, and more deaths. In other words, we would have to curtail our activities in the matter of seeing that the carriers actually perform properly this kind of work.

The CHAIRMAN. Do not the carriers comply with the orders of the commission?

Mr. McGINTY. The carriers for the most part wish to comply with every order we make, but sometimes we find cars in service in a condition that will cause an accident if permitted to remain in service or that may cause a wreck. Therefore, we have 42 safety-appliance inspectors who are making inspections daily for the purpose of seeing that the proper work is done by the carriers in keeping their equipment in compliance with the safety standards that the commission prescribes.

Mr. WOOD. Are not the carriers alive to the fact that every wreck they have costs the companies an untold amount of money in the way of damages?

Mr. McGINTY. That goes back to your statement of a few moments ago. The carrier may appreciate that, but some of the men who are responsible for the work may not appreciate it. Some may not care whether the carriers are put to the expense or not.

Mr. WOOD. Do they not have an inspection service of their own? They have car inspectors, do they not?

Mr. McGINTY. Yes, sir; they have inspectors.

Mr. WOOD. It occurs to me that we are getting too many inspectors. We have inspectors of every sort, with inspectors of inspectors. We have so many that we do not know where we are in this inspection business. It strikes me that if there is anybody that ought to be primarily interested in keeping the rolling stock in good repair it would be the carriers themselves who have inspectors for this purpose.

Mr. McGINTY. I think the traveling public and the employees of the carriers were responsible for the enactment of these safety laws.

Mr. ANTHONY. When you issue an order to a railroad company to install certain safety devices, is there any penalty attached to the disobeying of that order, or are you compelled to put inspectors on the road to see that they carry out the orders?

Mr. McGINTY. Yes, sir; a penalty of $100 for each violation to be recovered in a suit to be brought by the United States district attorney in the district court of the United States having jusirdiction in the locality where such violation shall have been committed.

Mr. ANTHONY. Why would it not be better to enforce the penalties for nonobservance rather than keep the force of inspectors on the trail?

Mr. McGINTY. We would never know that there was nonobservance.

Mr. ANTHONY. Do you not think that there would be complaints from the public or from the trainmen?

Mr. McGINTY. I am afraid that the complaints would come in after the accident, because no one would ever notice a defect in a car that appeared to be in good running condition.

The CHAIRMAN. Will you please tell us how you have apportioned this $313,600, if you have apportioned it?

Mr. McGINTY. We have not apportioned it, Mr. Chairman, except as I have attempted to explain with reference to the general appropriation, that we have made out a list of our expenditures. We have done that on the basis of $350,000.

The CHAIRMAN. You have not attempted from the start to keep within the $313,600 at all?

Mr. McGINTY. No, sir.

The CHAIRMAN. You never took that into consideration at all, but ignored it?

Mr. McGINTY. The Commission did consider it quite a while in conference and decided that in respect to safety it should not attempt to curtail this activity.

The CHAIRMAN. The $36,400, which you request, according to the language employed here, indicates that it is not all to be used for the employment of inspectors in making investigations in respect to block-signal and train-control systems and appliances intended to promote the safety of railway operations?

Mr. McGINTY. No, sir.

The CHAIRMAN. The new language says, "and to take care of additional duties placed upon the commission by the transportation act, 1920." What are those additional duties?

Mr. McGINTY. Section 26 of the act is very specific in stating:

> That the commission may, after investigation, order any carrier by railroad subject to this act, within a time specified in the order, to install automatic train-stop or train-control devices or other safety devices, which comply with specifications and requirements prescribed by the commission, upon the whole or any part of its railroad, such order to be issued and published at least two years before the date specified for its fulfillment.

The commission has made some investigation under this section. It has not proceeded to the extent to which the section would indicate it should under ordinary circumstances. Because of the financial condition of the carriers, the commission has felt, I think, that it should not attempt to order carriers at the present time to go to the expense of installing such safety devices. It has felt, however, perhaps, that it should proceed with certain investigations and decide upon certain standards so that in the extension of lines or the construction of new lines the standards which the commission might recommend could be installed. Therefore, in our estimates for next

year, we are asking for an increase up to $380,000. The commission proposes, as I understand, to put the question up to you gentlemen to decide whether or not it should proceed with that work.

The CHAIRMAN. If they had put it up to us in this case there would not be any deficiency. They did not pay any attention to what we decided.

Mr. BYRNS. I notice that this estimate, $36,400, exactly represents the amount that Congress cut from the estimate submitted for this fiscal year?

Mr. MCGINTY. Yes, sir.

Mr. BYRNS. Of course, Congress made that reduction in the estimates of the commission as well as in the estimates of other departments, and it cut them all thinking they would enter on an era of economy and attempt to reduce expense. If all the commissions and the departments of the Government would take the same view and come back here for deficiencies equal to the amounts of their estimates there would not be any reduction.

Mr. KELLEY. Please put into the record a statement of expenditures by classes for the year 1920. That seems to be the exact amount of the appropriation for this year, $313,600?

Mr. MCGINTY. Yes, sir. I can give you that now.

Mr. KELLEY. Put that in the record so that we can see it.

Mr. MCGINTY. Yes, sir.

Mr. KELLEY. And in a parallel column the apportionment of the amount which you are asking for this year, $350,000. You got $313,000 and you want $36,000 more?

Mr. MCGINTY. That is right.

Mr. KELLEY. So that we can see just where the increases are that are to be charged up to the appropriation act of 1920.

Mr. MCGINTY. Last year's expenditures and those proposed for this year are as follows:

	Expenditures, 1920-21.	Proposed for 1921-22.		Expenditures, 1920-21.	Proposed for 1921-22.
Pay roll	$212,069.64	$227,293.08	Office furniture	$298.66	$100.00
Transportation	53,977.48	55,777.48	Mechanical office equipment	256.75	100.00
Subsistence	63,077.20	63,929.44	Other equipment	640.71	250.00
Communication	702.87	700.00	Rents	3.00	50.00
Stenographic service	264.25	300.00			
Other services	369.14	400.00			
Stationery	767.02	800.00	Total	333,092.52	350,000.00
Other supplies	666.40	300.00			

VALUATION OF CARRIERS.

The CHAIRMAN. "For valuation of property of carriers," you ask $181.02. That is a deficiency for 1916, as I see it?

Mr. MCGINTY. Yes, sir. There remained three outstanding bills against the Interstate Commerce Commission by the Chicago, Terre Haute & Southeastern Railroad Co. for handling I. C. C. car No. 42, in July and August, 1915, of $26; in September, 1915, of $34; and October, 1915, $37.02, making a total of $91.02, and one other bill from the St. Louis & Southwestern Co. of Texas for the use of a motor car in January, 1916, of $90, making a grand total of $181.02.

The CHAIRMAN. What was the motor car used for?

Mr. McGINTY. Transporting our people up and down the line in valuation work.

The CHAIRMAN. That is a legitimate charge?

Mr. McGINTY. Yes, sir.

Mr. SISSON. Why were they not presented earlier; is there any particular reason why they should have waited this long?

Mr. McGINTY. This was at the beginning of field work and at that time we got in a lot of railroad people who had been experts in this line, but they did not know anything about the Government's requirements, the bills got lost and we never knew that they were in existence until after our appropriation had been turned back.

Mr. SISSON. Of course the appropriation has lapsed out of which these bills should have been paid?

Mr. McGINTY. Yes, sir; we turned back into the Treasury out of the 1916 appropriation $113,863.49. I talked to the Bureau of the Budget, and I thought they were going to make some arrangement by which this $181.02 would be put back to our credit.

The CHAIRMAN. They have nothing to do with that.

Mr. McGINTY. This is to pay bills which should have been paid away back in 1916.

Mr. SISSON. If the bills were lost, how could they get them O. K.'d by the people who contracted the obligations?

Mr. McGINTY. We got them together and got them properly O. K.'d; they came to us in due order.

Mr. SISSON. Of course it is a little matter in the nature of a claim. Has the auditor passed on this account?

Mr. McGINTY. It has not gone to the auditor.

The CHAIRMAN. Suppose we let them go to the auditor first.

Mr. McGINTY. As I understand, we can not submit that to the auditor until we have the money.

The CHAIRMAN. Would you have paid the money out of the appropriation if the bills had been presented in due course?

Mr. McGINTY. Yes, sir; out of the commission's appropriation, because we had an unexpended balance.

The CHAIRMAN. Was the claim presented before the unexpended balance went back into the Treasury?

Mr. McGINTY. No, sir.

The CHAIRMAN. If it had been, you would have paid it; but not having been, you did not have the money, and your only recourse was to come to Congress?

Mr. McGINTY. Yes, sir.

MONDAY, NOVEMBER 7, 1921.

SHIPPING BOARD.

STATEMENT OF MR. ELMER SCHLESINGER, GENERAL COUNSEL, UNITED STATES SHIPPING BOARD, AND VICE PRESIDENT EMERGENCY FLEET CORPORATION.

PURCHASE OF LAW BOOKS.

The CHAIRMAN. There has been submitted an item for the Shipping Board, "For the purchase of law books, fiscal year 1917, $1,316.05." Please tell us about that.

Mr. SCHLESINGER. Mr. Chairman, those books were purchased, apparently, I should say, three years or thereabouts ago; I personally know nothing about the purchase of them.

The CHAIRMAN. They were law books?

Mr. SCHLESINGER. Yes, sir. As a matter of fact, we have a law library in our building that belongs to the Navy Department and we are using that law library now and are not buying any books in Washington for the Shipping Board or the Emergency Fleet Corporation. As I understand the law, neither the Shipping Board nor the Emergency Fleet Corporation have the power to purchase law books without a specific appropriation or specific authority therefor.

The CHAIRMAN. But those books were purchased and the obligation exists?

Mr. SCHLESINGER. I suppose that is the case, Mr. Chairman.

Mr. GALLIVAN. Why were they not paid for?

Mt. KELLEY. The comptroller held the bill up, I suppose.

Mr. SCHLESINGER. I know nothing about the purchase, except that the books are there in the library of the Shipping Board.

Mr. KELLEY. It may be that you did have authority and your appropriation was exhausted. You do not know what the facts are?

Mr. SCHLESINGER. I will have to look up the facts and report to you. I knew nothing about the item until called here.

The CHAIRMAN. Please submit a statement to us.

Mr. SCHLESINGER. Yes, sir; I shall be glad to do so.

Mr. BYRNS. Are they United States Reports?

Mr. SCHLESINGER. I presume that some of them are United States Reports and some the reporter systems, the Northeastern, Atlantic, and Pacific, etc.

Mr. BYRNS. You are not keeping them up?

Mr. SCHLESINGER. No, sir; because it is very expensive to maintain a law library and the Navy has one in our building.

Mr. BYRNS. How many thousands of dollars have you invested in the law library?

Mr. SCHLESINGER. I could not say. The present Shipping Board has purchased no law books. I should guess the investment in law books might be three or four thousand dollars.

The CHAIRMAN. Please look it up and see whether there was any authority?

Mr. SCHLESINGER. I will be glad to do that.

WEDNESDAY, NOVEMBER 9, 1921.

SMITHSONIAN INSTITUTION.

NATIONAL MUSEUM.

STATEMENT OF MR. W. DE C. RAVENEL, ADMINISTRATIVE ASSISTANT IN CHARGE OF NATIONAL MUSEUM, SMITHSONIAN INSTITUTION.

FOR HEATING, LIGHTING, ELECTRICAL, TELEGRAPHIC, AND TELEPHONIC SERVICE.

The CHAIRMAN. For heating, lighting, electrical, telegraphic and telephonic service, $2,300; please tell us why you want this money.

Mr. RAVENEL. The appropriation for this year as it has been for several years is $70,000, and for the last three years, owing to the high cost of coal, we have been obliged to ask for an additional appropriation. The history of this appropriation is as follows: In 1918 our total appropriation was only $46,000. That was before the Freer Building was constructed. During that year the Museum got a deficiency of $5,674, due to the fact that coal went up from $3.43 to $5.75. In 1921, when coal reached $10.05, and later on $10.60, we asked for a deficiency of $7,000. The winter turned out to be a very mild one and we got the deficiency late in the year and we decided that $4,000 would carry us through. So that we had a total of $74,000. In our statement of expenditures you will see that the total expenditures under that appropriation for last year were $73,936.02. On the 1st of October, receiving a notice from the Budget Bureau on the subject of deficiency appropriations, I called upon the engineer for an estimate, and he advised me that we would require 3,900 tons of coal, approximately, from the 1st of October to the end of the year, provided it was an ordinary season. If it was a very cold season, we would require a little more. On that basis we figured out it would take about $2,300 to carry us through the year.

The CHAIRMAN. What is the price of coal now?

Mr. RAVENEL. $7.72. I wrote to Mr. Pope, the engineer of the Interior Department who buys the coal for the Government, and asked him before submitting the deficiency item if there was any possibility of a reduction, because if coal should go down to $6.50 or $5 we could get through without a deficiency. He wrote to say that there was not the remotest possibility, so far as he could see, of a decrease in price, and in case of a strike or anything of that sort the price would go up, and that I had better act on that basis.

The CHAIRMAN. How many tons do you say you will need?

Mr. RAVENEL. About 3,900 tons.

The CHAIRMAN. And you said that the price of coal when you got your deficiency of $4,000, if I recall, was $10.05?

Mr. RAVENEL. Yes; and later on $10.60.

The CHAIRMAN. If the price of coal is now $7.72, I should not think you would need a deficiency.

Mr. RAVENEL. If you will figure it out, you will see that at $10 a ton this would only buy about three hundred and some odd tons of coal. The reduction is in proportion to the reduction in the cost price. Last year, I suppose, was the mildest winter ever known in

Washington, and it is not believed that that condition will be duplicated. Of course, if it is, so much the better for us. On this basis I think $2,300 will be ample. We may get through with $2,200 or $2,100, or something of that kind, but $2,300 is a fair estimate.

The CHAIRMAN. And without this appropriation you think you will not be able to heat the building?

Mr. RAVENEL. Without this appropriation we will run short in May without doubt, under ordinary conditions.

The CHAIRMAN. After May you do not need any coal?

Mr. RAVENEL. We have to have electricity for lights, for the running of the elevator, shops, and everything of that kind.

The CHAIRMAN. Do you make your own electricity?

Mr. RAVENEL. We manufacture our own electricity. As a rule, in order to save money, we shut down our plant on the 1st of July for the months of July and August and buy electricity which we get from the electric company at 2½ cents a kilowatt-hour.

The CHAIRMAN. If by any chance you did not get this appropriation, and what you have now would only carry you until May, there would not be anything to prevent you from contracting for your electricity?

Mr. RAVENEL. But we have to pay it from the coal appropriation, and it is just the same as buying coal.

The CHAIRMAN. You would not have to pay it that day?

Mr. RAVENEL. No; but we would have to pay it out of this year's appropriation or else I am subject to a fine or imprisonment or both.

The CHAIRMAN. And you are certain you will not be able to function without this appropriation?

Mr. RAVENEL. Mr. Chairman, so far as human knowledge goes I am absolutely sure of it. Mr. Denmark, our engineer, who was Prof. Woodbridge's assistant, who designed this plant and who has been our engineer ever since, having come to us as a young man, is of this opinion. The first appropriation ever given us to run that plant for two buildings was $60,000. Out of that appropriation we built a tunnel connecting all the buildings with the original building and have been heating all the buildings under the institution in the park, which contain about 17 acres of floor space and something like 12,000,000 cubic feet.

The CHAIRMAN. And it was the addition of the Frear Building that made it necessary to increase this appropriation?

Mr. RAVENEL. We got $14,715 for that.

The CHAIRMAN. And now instead of spending $70,000 your expenses run up to $73,936?

Mr. RAVENEL. Yes; for last year, but if coal, for instance, went down to what it was when the appropriation was originally made, our coal bill should not be over $22,000 or $23,000. In 1917 our coal cost $3.43.

The CHAIRMAN. And then went up to $5.75?

Mr. RAVENEL. Yes; and from that to $10.05, and then as high as $10.50.

The CHAIRMAN. And the price is now $7.72?

Mr. RAVENEL. Yes; with no possibility of a reduction.

The CHAIRMAN. Do you contract in advance for coal?

Mr. RAVENEL. Mr. Pope, the chief engineer of the Interior Department is charged by Congress with the purchasing of all of our coal.

The CHAIRMAN. And you think you can not buy it for less than $7.72?

Mr. RAVENEL. He told me there was no possibility of that unless freights were immediately reduced and also wages.

The CHAIRMAN. Freights, of course, will be reduced after the 1st of January to the extent of the tax imposed?

Mr. RAVENEL. But that does not affect us at all because the Government does not pay that tax. I would like to show you this statement I have here. You will see that I have estimated the cost of everything less for this year than last year. For example, heating supplies, $4,446 as against only $2,370, and in the case of electrical supplies last year we were so hard put that we only spent $1,549, whereas the replacement of lamps alone in those five buildings should average anywhere between $800 and $1,000 a year. In all of these figures I have estimated just a little lower, for instance, special services $1,000 for this year as against $1,435 for last year. I have put everything just a little lower in order to try to get through on that amount.

WEDNESDAY, NOVEMBER 9, 1921.

DEPARTMENT OF AGRICULTURE.

STATEMENT OF COL. W. B. GREELEY, FORESTER AND CHIEF.

FOREST SERVICE.

FIGHTING AND PREVENTING FOREST FIRES.

The CHAIRMAN. We have before us the item, "Fighting and preventing forest fires: For fighting and preventing forest fires endangering the national forests, $341,000." You had an appropriation of $250,000. Please tell us what you have done with it and how much of an unexpended balance you have.

Col. GREELEY. The appropriation of $250,000 is for emergency expenditures in suppressing forest fires which can not be extinguished with the regular force provided on the national forests. Our fire protective organization is maintained primarily by the regular appropriations for the employment of supervisors, rangers, and forest guards. The purpose of our organization is to reach and extinguish as many forest fires as possible with this regular organization.

The CHAIRMAN. How large is your organization?

Col. GREELEY. It embraces approximately 3,500 men during the main fire season, who are required to protect 156,000,000 acres. The special appropriation for the extinguishment of forest fires is provided to take care of emergencies where the regular force is inadequate, and that sum is expended very largely for temporary labor employed for fire-fighting crews when the situation gets beyond the power of the regular rangers and guards to handle.

The $250,000 was entirely expended in fighting forest fires last July and August, and in addition to that an actual deficiency has been incurred to date for expenditures that had to be made of $191,000. That is, the deficiency which we have actually incurred to date under this item is $191,000, as far as all of the bills and liabilities have been ascertained. Our fire season is still in progress in certain sections of the country, although in not most of them, and we must also be prepared to handle a fire season in May and June, which has invariably required certain emergency expenditures. To carry us through the present fall period it is estimated that $25,000 will be required, and to carry us through the spring period of May and June, when there is an active fire season on most of the national forests, it is estimated, on the basis of past experience, that $125,000 will be required. This deficiency item of $341,000 is made up of those three items.

The CHAIRMAN. The items of $191,000, $25,000, and $125,000?

Col. GREELEY. Yes, sir.

I presume the committee is familiar with the policy which Congress has followed in providing for these emergencies and in extinguishing fires on the national forests. The attitude of the Appropriation Committee has been that it is not desired to appropriate in the regular budget for the national forests an amount sufficient to meet the probable or possible emergency expenditures. The extent of these emergency expenditures it is always impossible to estimate with exactness in advance, because they depend, to a considerable degree, on the character of the season, upon climatic conditions. If we have an exceptionally favorable summer period, with well-distributed precipitation, we do not have to incur any emergency expenditure. On the other hand, at the other extreme, occasional years with extreme drought accompanied by periods of high winds and electrical storms, with little or no rain, we have been compelled during one or two years to incur a very large emergency expenditure. During the fiscal year 1920, for example, when we were confronted with a very serious situation, we were compelled, in the protection of the public property on these national forests, to expend over $3,000,000 in fire fighting and to request a deficiency appropriation of $2,950,000. That was the worst experience of that character we have ever had.

The CHAIRMAN. That was in 1920?

Col. GREELEY. That was in the fiscal year 1920.

During the 7 out of the past 11 fiscal years it has been necessary to request a deficiency appropriation, although in one year, 1919, the deficiency was made good from the President's fund for the natonal defense and a special appropriation was not required, but during 7 out of the past 11 years the regular appropriations for emergency expenditures in fighting fires have proved inadequate and a deficiency has been necessary. The average deficiency during these seven years has been $592,000. I cite that simply to show that the policy of Congress in handling our regular budget has compelled the Forest Service to handle its fire expenditures on an emergency basis. There is certain justification for that policy on the ground that these expenditures can not be accurately forecast.

The CHAIRMAN. You consider then that you have authority, under the law, to incur deficiencies, because it is for the protection of Government property?

Col. GREELEY. We have always considered it that way, sir. We have been sustained in that construction by the solicitor for the department. The actual procedure is this: When the $250,000, as in the past year, was exhausted and the public property was still in danger, we secured the Secretary's authorization to draw upon other appropriations for the Forest Service to meet the emergency. That is a sort of situation which you have to meet. Forest fires in progress not only endanger the Government property, but in many cases endanger western communities and even endanger human lives, and we have construed it as our duty to meet the situation and to use any resources at our disposal.

The CHAIRMAN. Do you keep the 3,500 men, the regular force, on the pay roll all the time?

Col. GREELEY. No, sir. The great bulk of these men are employed only during the months of fire danger, from two to five months is the normal period of employment. There are times when they are put off, the time being determined by the character of the fire season.

The CHAIRMAN. What rate of pay do they get?

Col. GREELEY. They are paid at varying rates, dependent upon the labor conditions in the region, but the monthly rate of pay would average around $100. The average expenditure during the past 12 years for the extinguishment of forest fires has been $716,000.

The CHAIRMAN. Have you ever made any calculation on the per acre cost of this fire protection as compared with the acre cost of similar protection in the case of individuals?

Col. GREELEY. The per acre cost of our protection this year, aside from the deficiency that we now request, has been 12.5 mills, and with the deficiency item asked for, which we believe will carry us through the rest of the year, the total acreage cost of all expenditures, regular and emergency, will be a little over 16 mills per acre.

The CHAIRMAN. You can not have those figures right. You say that the $250,000 appropriation expended makes 12.5 mills per acre?

Col. GREELEY. No, sir. That $250,000 does not include the other items in our regular budget, which are used for fire protection.

The CHAIRMAN. How much are they?

Col. GREELEY. They amount to a little over $2,000,000. That is the appropriation which maintains the organization, supervisors, rangers, and guards, and equips them.

The CHAIRMAN. What is this $250,000 used for?

Col. GREELEY. That is for emergency expenditures.

The CHAIRMAN. I understood you to say that that was what you paid the force with?

Col. GREELEY. No, sir. I did not make myself clear.

The CHAIRMAN. You certainly did not.

Col. GREELEY. The force of supervisors, rangers, and guards that constitutes our permanent force, like the permanent police force in the city, is maintained from the appropriation items in the regular budget for the various national forests.

The CHAIRMAN. Each forest separately?

Col. GREELEY. Yes, sir. In the present appropriation act there are some 140 items making appropriations for specific national

forests. Out of those items there is actually expended, approximately, $2,000,000 for the maintenance of the fire protective organization. In addition to that, the item of $250,000 has been appropriated, which is only drawn upon in emergencies for which the regular force is not adequate—in other words, at times when we have to employ additional temporary labor for brief periods and furnish them with subsistence.

UNEXPENDED BALANCE.

The CHAIRMAN. How much of the $2,000,000 is yet unexpended?

Col. GREELEY. Of the $2,000,000 appropriation, the normal provision for the remaining months of the fiscal year is not expended, except that we have to draw upon that in meeting this actual deficiency of $191,000 to date; but the rest of the $2,000,000 is what we count upon to maintain our permanent organization, a portion of which is not any longer available, plus the small protective organization which must be provided normally about the 1st of May.

The CHAIRMAN. You have not told me how much of that money is unexpended, except to say that the normal proportion required for monthly expenditure still remains available. That does not give us any idea of the conditions.

Col. GREELEY. I can not give it to you in exact figures, but, for example, two-fifths of the amount is not expended.

The CHAIRMAN. How much of the year is passed now?

Col. GREELEY. I was figuring from January 1. Figuring from September 1——

The CHAIRMAN (interposing). Two-fifths is not expended as of January 1?

Col. GREELEY. Yes, sir.

The CHAIRMAN. We ought to have it definitely. I should like to know why you have considered it necessary to draw against that $2,000,000 appropriation set out for a specific purpose, to the extent of using three-fifths of it in less than one-half of a year?

Col. GREELEY. Mr. Chairman, we must provide the organization required to meet a practical situation. The practical situation is that the most serious fire season occurs during the months of July, August, and September, and during those three months we must have the fire-protective force at its maximum.

The CHAIRMAN. Can you give us the unexpended balance exactly for the record?

Col. GREELEY. Yes, sir.

NOTE.—The unexpended balance available for fire protection as of January 1, 1922 (which amount is obtained by deducting from the total of $2,000,000 the actual expenditures up to September 30, 1921, plus liabilities up to December 31, 1921), amounts to a total of $822,955.

Col. GREELEY. The situation is just exactly like this: If the police force of Washington is given a certain budget to run 12 months——

The CHAIRMAN (interposing). They have to run 12 months.

Col. GREELEY. They have to allot the budget by months in accordance with the requirements and the protection of the city.

The CHAIRMAN. They have to allot the budget on the basis of the appropriation?

Col. GREELEY. Yes, sir.

The CHAIRMAN. And not on what they imagine the requirements are. That is where you make a mistake in reaching the conclusion that the appropriation has no part to play in the determination of the question involved. Your theory is wrong. You proceed on the theory that it does not make any difference what the appropriation is, that has nothing to do with the case, that you are a law unto yourself, and superior to the law passed by Congress. You make your apportionment based on your imaginations of what the needs are and not on what the facts are. That is the difference.

Col. GREELEY. Well, Mr. Chairman, I do not feel that what I have said is open to that construction.

The CHAIRMAN. You have just stated it.

Col. GREELEY. Congress appropriates a certain amount of money with which we are required to protect and administer the national forests for a fiscal year.

The CHAIRMAN. That is true.

Col. GREELEY. We allot that money for various grades of service during the entire year and also for the supplementary guards during the months of the year when the fire danger is acute. We take the $2,000,000 and with that provide for a certain organization of supervisors, rangers, and guards which are permanent and which serve the entire 12 months. Then, from the remainder of that fund we provide for a certain supplementary force during the months of July, August, and September, which is our worst fire season, and we have another supplementary force, smaller in size, also provided for out of the $2,000,000 fund, which force is employed during the months of May and June, which is our secondary fire season.

The CHAIRMAN. But you do not pay any attention to the appropriation.

Mr. ANDERSON. Your force does not consist entirely of year-round men?

Col. GREELEY. No, sir.

Mr. ANDERSON. A very large proportion or a very considerable proportion of your force is employed for short periods, 30 days, 60 days, 90 days, or 6 months, perhaps?

Col. GREELEY. Yes, sir.

Mr. ANDERSON. You have to provide for the employment of persons to take care of your overload during certain periods of the year, and those people are employed upon a short time basis?

Col. GREELEY. Yes, sir.

Mr. ANDERSON. Consequently, if you did divide your appropriation into 12 equal parts, you would have a considerable appropriation for which you had no use in some months and during periods of the year when you had heavy-fire expenditures to make you would have an overload with nothing to pay it?

Col. GREELEY. Yes, sir.

The CHAIRMAN. That explanation explains, but his explanation did not explain. I could not help conclude from what he was saying that he took the $2,000,000 or whatever he might have and allotted it for a premanent force and then allotted for his emergency force above the $2,000,000.

Col. GREELEY. I made it very clear that the $2,000,000 carrying the force is provided in advance of the season, a part of it permanent and a part of it temporary, the temporary men serving from half a month up to six months.

The CHAIRMAN. You did not make that clear to me.

Mr. ANDERSON. There is another distinction which you must bear in mind. This emergency appropriation can not be spent until the fire has started. This emergency appropriation is used entirely in cases where the fire has already started and the forces are not sufficient to take care of it.

The CHAIRMAN. But this appropriation, most of it has already been expended, this anticipated appropriation; $191,000 out of the $341,000 of the general appropriation, has already been expended.

Mr. KELLEY. I wonder why you separate your regular appropriation of $2,000,000 for your regular establishmnet from what you seek as an emergency appropriation, which is practically an annual appropriation?

Mr. ANDERSON. They have been getting the same appropriation for that purpose for a number of years.

Mr. KELLEY. If you have $2,000,000 for the regular establishment and then a supplemental appropriation of $250,000, why not call it $2,250,000 to start with?

Mr. ANDERSON. That was the policy of Congress rather than the policy of the Forest Service. The theory originally was that they should have a force in the Forest Service which would take care of the ordinary requirements in fire fighting as well as other things, and that this particular fund should only be used in an actual case of emergency. The appropriation originally carried an emergency appropriation, but as $250,000 or $400,000 was used every year and a deficiency besides, there appeared to be no reason for carrying the deficiency appropriation. That simply had the effect, in many instances, of preventing the employment of people as early as they would have been employed otherwise, and consequently permitted a fire to proceed farther than if the department felt at liberty to employ the people immediately. Is that correct, Colonel?

Col. GREELEY. That is correct.

The way the fund of $250,000 has been expended during the past year is just this: I make personally, after consultation with each managing officer in the field, an allotment to the various national forests, totalling $2,000,000 approximately. I rely upon them to handle their organization, the rangers and guards, so as to meet the situation with the $2,000,000, if they possibly can as a measure of economy. When conditions become critical and it is obvious that the regular force, which means but one man to 52,000 acres, can not handle the situation, then we begin to draw upon the $250,000 for emergency patrol, additional patrol, who are put in at the points most needed.

Mr. SISSON. That is, where there is a fire?

Col. GREELEY. That may be before the fire actually starts, but when we know, from experience and seasonal conditions, that we are in for some bad fires and that additional help must be employed to extinguish the fires which are started, the $250,000 is drawn upon for that additional help.

During the past year, as I have indicated, the $250,000 was expended before the month of August had expired and added help had to be obtained to meet the situation, so that there was no course open to us but to draw upon the $2,000,000 that had been set up to carry the organization during the entire year.

The total expenditure this year for emergency fires and in fire-fighting, if the deficiency is granted, will be $591,000, as compared with an average expenditure during the past 12 years for the same purpose of $716,000. In other words, we can make a better showing this year than has been true in the average of the past 12 years because of the fact, in part, I believe the force is getting more efficient, and in part we had a rather more favorable season than the average.

The CHAIRMAN. You are making that average based on an emergency appropriation that covered $2,000,000?

Col. GREELEY. Yes, sir; that is, of the 12-year average.

The CHAIRMAN. What was the emergency that caused the $2,000,000 appropriation?

Col. GREELEY. It was a year of very extreme drought throughout the entire Northwest; in fact, three years of extreme drought, which was followed by periods of high winds and a great many electrical storms, and a great many fires assumed large proportions.

The CHAIRMAN. You have spent, now, according to your statement, $341,000 of the emergency fund?

Col. GREELEY. Yes, sir.

DAMAGE FROM FIRES.

The CHAIRMAN. Will you be kind enough to tell us the extent of the fires and how much damage was done?

Col. GREELEY. The fires this fiscal year to date that have been fought and extinguished number 4,736. The total area burned by them has been 274,000 acres, approximately, and the total damage caused can not be given in exact terms, but it is probably around $400,000. The acreage burned represents two-tenths of 1 per cent of the area under protection. As I indicated a few minutes ago, the total cost of the protection, including this deficiency appropriation, will amount to a little over 16 mills per acre.

The CHAIRMAN. Can the timber in the burned area be utilized?

Col. GREELEY. Wherever it is accessible it can be utilized.

The CHAIRMAN. To what extent is that the case?

Col. GREELEY. Out of the area burned this year approximately one-third contains merchantable timber, the rest being second growth land and other land that had no merchantable timber. Of that one-third, I presume, half of it can be salvaged. It is impossible to determine that exactly as yet, but all of it will be salvaged if it is within reasonable access to any manufacturing point.

The CHAIRMAN. Does the Government sell the timber off of the forest area which it owns?

Col. GREELEY. Yes, sir; it does.

VALUE OF TIMBER SOLD ANNUALLY.

The CHAIRMAN. What is the annual value of the timber sold?

Col. GREELEY. The timber sales now—as a matter of fact, as a business statement it would be better to put it on the basis of the

cut—the annual returns paid under timber sale contracts are approximately $2,500,000.

The CHAIRMAN. That is net?

Col. GREELEY. No; the gross return, but it is the actual cash return that goes into the Treasury directly.

The CHAIRMAN. Those who buy the timber cut it themselves?

Col. GREELEY. Yes, sir.

The CHAIRMAN. What do they pay per thousand feet, on the average?

Col. GREELEY. The average price is about $2.50 a thousand feet on the stump.

The CHAIRMAN. I think I asked you how your cost of protection compared with the cost of protection by private people concerned with privately owned property?

Col. GREELEY. It is difficult to give you an average statement on that, because our lands are located in 14 different States, with a wide range of conditions. The States or Oregon and Washington both have State laws which require the owners of private lands to protect their holdings and put a legal limit of five cents an acre on the maximum cost which any private owner may be compelled to incur. The actual expenditure by the private owners in those two States is around 3 cents per acre on the average. In the State of Idaho there is an extended area of private timber land protected by different owners, where the average cost of protection ranges from 6 to 8 cents per acre, that being a relatively inflammable region.

On the other hand, when you go into the Southwest, the cost should be and is very much less than that. Several years ago we made up a tabluation of the cost of protection in all of the States which were cooperating with the Forest Service under another item that is not involved here, and we found that the average cost as estimated by the State authorities and local agencies, or the average cost over some 26 States, was 2½ cents per acre annually. It ranges all the way from about one-half a cent up to as much as 10 or 12 cents per acre.

The CHAIRMAN. How does private protection compare with the protection that the Government gives to its property?

Col. GREELEY. That varies greatly. In certain localities it is superior to ours, because it is so much more expensive, and is carried out at a much higher cost. I know of areas in the Lake States for example, which are being protected by commercial concerns paying as much as 17 cents per acre yearly for the protection of their lands. We can not protect our lands as effectively as private owners who go into it on that basis. On the other hand, our protection work is better than the average done by private owners, because the greater part of the private forest protection is still pretty sketchy and inadequate, and a few men are expected to protect large areas of land.

The actual expenditure is low and the results are correspondingly low. On an average, the protective work of the Federal Government is considerably better than that of private owners, except in some individual cases.

USE OF AIRPLANES.

Mr. ANTHONY. Are you using airplane patrols in this work?

Col. GREELEY. We have during the past two years, through the cooperation of the Air Service of the United States Army, had airplane patrols in two States—California and Oregon. They have been of considerable assistance, but they do not replace the ordinary protective organizations on the ground. We have found that in order to protect the forest lands, particularly in the inaccessible mountainous regions in the West, you must have an organization of permanent lookouts where the area can be kept under observation by watchmen during the entire period of daylight, connected up with telephone lines, and an organization of guards and patrolmen who can be reached and mobilized without much loss of time when a fire occurs. The airplane is an adjunct to forest protection, but it is by no means a complete forest protection.

Mr. ANTHONY. Where you use airplanes, do you use money appropriated for your own bureau for operating the planes?

Col. GREELEY. Congress appropriated a special item of $50,000 to enable us to cooperate with the Army in this airplane patrol. The machines and aviators were furnished by the Army, and our money was used for the installation of special landing grounds, telephone connections, and expenditures of that character. The Army is not going to be able to continue that cooperation, and we have recommended that that item be eliminated from next year's budget.

Mr. ANTHONY. Did you not find out that it wore out the machines pretty fast?

Col. GREELEY. I do not know how it would compare with the life of machines in other forms of use, but it is, of course, comparatively hazardous work for the aviators to cruise over these very rugged mountainous regions where landing grounds are few and far between, because if anything goes wrong with the machine he very seldom finds a chance to land.

Mr. ANTHONY. The use of airplanes was found not to be practicable for this purpose?

Col. GREELEY. That is true as a substitute for other forms of protection. My own opinion is that the airplane is too delicate and expensive a machine to handle to be practicable from the cost standpoint for forest protection. It was only possible in our case because the Army had the machines and men and thought that it was a good thing to give the men training in that kind of work.

VALUE OF TIMBER IN NATIONAL FORESTS.

The CHAIRMAN. Have you ever made an estimate of the value of the timber in the 136,000,000 acres of land in the national forests?

Col. GREELEY. Yes, sir.

The CHAIRMAN. Will you be kind enough to state it for the record?

Col. GREELEY. The best estimate that we have made places the value of the timber at $575,000,000. That means the merchantable timber alone.

The CHAIRMAN. How does the income from the Forest Service compare with the outgo? Are the losses greater or less than in years one by?

Col. GREELEY. The gap between expenditures and receipts is being gradually closed, but it is not yet completely closed.

The CHAIRMAN. How nearly completely closed is it?

Col. GREELEY. Last year our total expenditures for the national forests, excluding other extraneous items like research work, was approximately $5,500,000 and the income was $4,795,000.

The CHAIRMAN. That is a considerable improvement.

Col. GREELEY. Yes, sir.

CAUSES OF FIRES.

Mr. SISSON. In making your studies of the causes of fires, what has been the result of your investigations, or what has been found to be the principal cause of fires?

Col. GREELEY. About 60 per cent of our fires are man-caused, and of those the chief offenders are the campers, fishermen, hunters, and the tourists, who start about 40 per cent of all the fires we have to fight. Next in order comes the fires started from burning slashings by settlers and lumber companies, and, third, fires started by railroads. The other 40 per cent—which is a surprising figure, but it is the average over several years—is started by lightning. That is one of the things that makes our protection work so difficult, because those lightning fires occur in the highest and most inaccessible parts of the national forests. The campers' fires and tourists' fires, we feel, we are beginning to reduce through very aggressive campaigns in educating those classes of people. The use of the national forests by people, particularly by recreation seekers, is increasing enormously. We have ten people now where we had only one 5 or 10 years ago. The number of fires started from these human agencies are now on the decrease, and we are trying very hard to keep them on the decrease.

Mr. SISSON. In spite of the fact that the use of the forests has been increased?

Col. GREELEY. Yes, sir; greatly increased.

Mr. SISSON. I am curious to know whether or not this is like the appropriation we make to stop epidemics of disease. Whenever an appropriation is made against certain classes of diseases or epidemics our doctors will always find some of the epidemics during the year. It does not matter much what we provide in epidemic appropriations, it is a very rare occurrence that any of it is left. I was wondering whether under this system you have, the $250,000 will be spent, and whether the fact that you have that appropriation will not cause fires to get out through carelessness.

Col. GREELEY. Do you mean from the fact that we employ people?

Mr. SISSON. Here is an appropriation that never will be used except in case of fires, and it means employment. Does that have anything to do with fires, as far as you know?

Col. GREELEY. I do not think so, if I understand you correctly.

Mr. SISSON. I mean to say that there are $250,000 to be provided for use in case of fires, and my question was whether the fires will not occur as long as the appropriations last?

Col. GREELEY. You mean that people may start fires in order to secure the work?

Mr. SISSON. Yes.

Col. GREELEY. That has happened a few times. We have had some trouble from that source during this past fall on account of the unemployment situation in the timber regions.

Mr. SISSON. I was wondering to what extent.

Col. GREELEY. It has not been very serious.

Mr. SISSON. You have 3,500 men on your pay roll regularly?

Col. GREELEY. Yes, sir; for varying periods of time.

Mr. SISSON. They are called regular employees, and some of them are employed the year around?

Col. GREELEY. Yes, sir.

Mr. SISSON. Some of them are employed for six months and some for a greater length of time.

Col. GREELEY. Yes, sir.

Mr. SISSON. Are there any years in which you do not need them at all?

Col. GREELEY. No, sir; we have to keep our skeleton force of rangers and supervisors the entire year. They must have about 1,500 men, and those men are kept busy the entire year. Those men are kept busy the entire year with the administration of timber sales, with construction work in the construction of improvements, and that sort of thing.

Mr. SISSON. You say you have 1,500 for the entire year. How many do you have for the next longest period?

Col. GREELEY. There are 2,000 additional guards during the summer, and certainly 75 per cent of them are employed for periods of four months or less, and possibly 25 per cent for six months.

Mr. SISSON. Then your next number would be 500, and then for the shortest period of time you would have the remaining 1,500?

Col. GREELEY. That is approximately right.

Mr. SISSON. Their terms of service end on certain dates and begin on certain dates?

Col. GREELEY. With the greatest number, the terms of service begin when the fire conditions begin; that is, when the summer dry period begins. If the fires should begin two weeks late next summer, then the men would not go on until the condition of the country demanded it. Then we need those patrolmen on the job.

Mr. SISSON. What I am trying to arrive at is this, that when they do begin, whether it is a week, 10 days, or two or three weeks later, they are kept on for a certain number of months; that is, for the life of the appropriation?

Col. GREELEY. No, sir; our main period of employment would be determined, so far as the appropriation permitted, by the character of the fires. If we had early and general fall rains, or September rains, as sometimes happen, we could let a lot of those men off.

The CHAIRMAN. If the weather is dry you keep them, or you keep them during the dry period?

Col. GREELEY. Yes, sir.

I would like to add a word about the portion of this deficiency that we have requested to provide for the work next spring.

The CHAIRMAN. The $25,000 or the $125,000?

Col. GREELEY. The $25,000 and the $125,000. The $25,000 represents as nearly as we can strike an average the expenditures that must be expected between the 1st of October, when this estimate was made up, to the 1st of January. The $125,000 represents the

average of our expenditures for the past several years during the months of May and June. Now, there have been years of late spring rains and that sort of thing when the expenditures have been below $125,000.

The CHAIRMAN. How much below?

Col. GREELEY. There have been other years when the expenditure was considerably greater. In the fiscal year 1921, during May and June, the expenditure was $72,000. In 1919 the May and June expenditures were $153,000, and in other recent years we have had variable expenditures between those two limits. One hundred and twenty-five thousand dollars represent the average, and, consequently, represents what we believe should be provided in order to meet the probable situation on a safe basis. Whenever the character of the season has made it unnecessary to expend the full amount, there has been a reversion of the unexpended balance to the Treasury. In 1920, for example, $88,000 reverted to the Treasury, and the year before $20,000 reverted to the Treasury.

Mr. SISSON. What item are you now talking about?

The CHAIRMAN. He is talking about this item, and what he anticipates will be necessary for use between April and July.

Col. GREELEY. It is a part of the $341,000. I want to make it perfectly clear to the committee that of that $341,000, the actual deficiency to date is $191,000, and the rest is necessary to carry us through the remainder of this fiscal year, using the law of averages Although forest fires sometimes depart from the law of averages.

Mr. KELLEY. If you subtract $125,000 from $341,000 it leaves $216,000.

The CHAIRMAN. There are two items—$25,000 from October 1 to January 1, and $125,000 from January 1 to July 1. That would be $150,000, and there are $191,000.

Col. GREELEY. Yes, sir.

PREVENTION OF LOSS OF TIMBER FROM INSECT INFESTATION ON PUBLIC LANDS IN OREGON AND CALIFORNIA.

The CHAIRMAN. For the prevention of loss of timber from insect infestation on public lands in Oregon and California, you are asking $150,000. First tell us whether, in your judgment, you have any authority of law to justify this appropriation.

Col. GREELEY. The solicitor of the department advises us that we have, and I can give you several citations on that if you wish.

The CHAIRMAN. You have an opinion from him on that?

Mr. SISSON. Has there been any appropriation for this purpose before?

The CHAIRMAN. It is a new item here.

Mr. SISSON. I know it is new here in this bill.

The CHAIRMAN. I think this is the first time such an appropriation has been asked.

Col. GREELEY. There is no question as to the appropriation being authorized so far as national forest lands are concerned, because we could to-day do this work from the appropriation made for the protection of national forests, if the money were available. Work of this character has been done a good many times in the past—that is, the eradication of timber-destroying insects—from appropriations for the

Forest Service. The solicitor advises us that equal authority exists as to the other public lands involved.

The CHAIRMAN. I think myself that is so. Section 5126 provides:

The Secretary of the Interior shall make provisions for the protection against destruction by fire and depredations upon the public forests and forest reservations which may have been set aside or which may be hereafter set aside under said act of March 3, 1891, and which may be continued; and he may make such rules and regulations and establish such service as will insure the objects of such reservations, namely, to regulate their occupancy and use and to preserve the forests therein from destruction.

I think that covers the authority.

Col. GREELEY. I do not think there is any question as to that.

The CHAIRMAN. Tell us about the merits of the case.

Col. GREELEY. This map, perhaps, will make the situation clear to the members of the committee. There are 1,250,000 acres largely in southern Oregon and running over into northern California, which are very heavily timbered with western yellow pine, through which this infestation by the destroying beetles has been scattered. As yet it is not a serious infestation. The occurrence of the beetles is widely distributed. In some cases we meet with only two or three trees that are infested on a single section, or a square mile, and in other cases we find as much as 30 per cent of the timber infested in considerable spots.

The CHAIRMAN. What do these colors indicate?

Col. GREELEY. This [indicating] is one uniform belt of forest. The yellow lands are on the Klamath Indian Reservation; the brown lands are in private ownership; the green lands are national forest areas, and the red lands are chiefly unreserved public lands. The black part represents lands that are part of the former grant of the California-Oregon Railroad, which was canceled by public action, those lands now being under the administration of the Secretary of the Interior.

The CHAIRMAN. The Government lands are not as extensive as the privately owned lands.

Col. GREELEY. Taking everything that we class as Government lands, the division is approximately half and half. The situation is one in which all of the land owners must cooperate if any of us are to be successful in combatting these insects. The insects are so widely distributed and the topography of the country is such that there are no natural barriers to stop them, so that if any particular owner should clean up his land it would within a year or so be infested from swarms of beetles from surrounding areas. If we should clean up a section of national forest, it might be immediately reinfested from the public lands over here [indicating] or from private lands over here [indicating]. In other words, we are all caught in the same boat, and if we are going to meet the situation, we must pull together. The State of Oregon has met the situation from the standpoint of the State by enacting a law which makes it compulsory upon the private owners of timber lands in that State to clean up their holdings of destructive insects. They put it upon a basis that makes it obligatory upon the private owner to clean up his own property.

The private owners in Oregon and California have prepared to go ahead with this work if they can secure joint action by the Government on lands which the Government owns. The Government will

not spend anything for the protection of private timber, but only for the protection of its own timber, by the removal of a common nuisance and the menace that beetles will reinfest any area that may be cleaned up unless the whole job is done simultaneously. We have had some pretty bitter experience with these pine-destroying beetles in the past. Nearly 2,000,000,000 feet of timber was wiped out in the Black Hills of South Dakota by a similar infestation, and that infestation, while combated by Government agencies, had reached such a stage that an enormous proportion of the work done was not very effective.

VALUE OF TIMBER IN INFESTED AREA.

The CHAIRMAN. What is the value of the Government timber in this area?

Col. GREELEY. The Government timber in this area, all told, represents approximately 15,000,000,000 feet, and I would say that it has a fair value of $3 per thousand feet, so that it represents $45,000,000

METHOD OF COMBATING BEETLE.

Mr. ANTHONY. How do you fight this beetle?

Col. GREELEY. The infested trees where the active swarms are located must be cut down while the beetles are in the larva stage in the inner bark. The bark is peeled off and either burned or exposed to the sunlight, so that the larvae will be killed. We have had the very effective help of the Bureau of Entomology, which of course represents the scientific end of this job, and their experts furnish technical advice as to how the work shall be done. We have had from them a very effective demonstration of the possibility of stopping an attack of this character in one of the national forests in California, which contained some very valuable timber, and we were able with the funds available for that forest to clean up two townships, where a small infestation had gotten started, under the direction and with the cooperation of the Bureau of Entomology. That country has now been made practically 100 per cent free.

The CHAIRMAN. How long since was that?

Col. GREELEY. That was finished two years ago.

The CHAIRMAN. Is there any possibility of a renewal of that infestation?

Col. GREELEY. So far as we can judge, there is no serious possibility. There may be a few swarms of beetles that were not reached. Normally, of course, their natural enemies, such as the woodpecker and other birds, take care of those insects, but we have gotten it now to the point where if any reinfestation does appear it will be a very small affair and can be very quickly wiped out.

Mr. ANTHONY. Are only certain isolated trees attacked, or are the trees generally infested in an area?

Col. GREELEY. It varies. The beetles upon reaching the adult stage will swarm and perhaps move as much as half a mile, but just what directs their location upon a particular tree or group of trees I am unable to say. Over the greater part of this area there are just a few trees here and there infested.

Mr. ANTHONY. So you do not have to wipe out any extended areas?

Col. GREELEY. No, sir; there will be no extensive destruction of timber in the process of destroying these pests. It will be a case of locating the trees that are infested, cutting them down on the ground before the beetles swarm, and then ripping the bark away and exposing the larvæ to the sunlight so that they may be killed.

Mr. ANTHONY. Can you use the tree after cutting it down?

Col. GREELEY. In some cases, if there is any market for it, we can sell it.

Mr. BYRNS. Is any great damage being done now, or is it rapidly increasing?

Col. GREELEY. Damage is being done to-day on this whole area of public and private lands, containing about 1,000,000,000 feet of timber.

The CHAIRMAN. What effect does the beetle have on the tree, and how rapidly does the beetle itself propagate?

Col. GREELEY. The adult beetles bore through the bark, and start cutting cells and passageways in the inner bark, next to the sap wood, and, in fact partly in the sap wood. When the swarm is of sufficient size or when there is a sufficient number of swarms lighting on the same tree, that process results in the girdling of the tree.

The CHAIRMAN. How long does it take to do that?

Col. GREELEY. In a serious infestation, trees will often be killed in a single year. On the other hand, it not infrequently happens that a small swarm will light on a tree and will not be sufficient to girdle it, and the tree suffers no serious injury. These bugs move apparently in cycles and when an infestation is once started our experience shows it is very apt to reach very large proportions and wipe out an immense amount of timber before it subsides from natural causes. The science of the thing has not been completely worked out, but all of the scientific data to date indicates that we are just at the beginning of an infestation similar to the one in the Black Hills and in other portions of the country which wrought tremendous damage.

Mr. WOOD. How long has this beetle been known in this country?

Col. GREELEY. The Bureau of Entomology has been studying this beetle for certainly some 25 years and that Bureau has been gradually establishing its habits and life history.

Mr. WOOD. Then this beetle is not a recent discovery?

Col. GREELEY. No.

Mr. WOOD. What kind of a looking animal is he?

Col. GREELEY. He is a little brown beetle not over three-sixteenths of an inch long in the adult stage. He swarms by the millions and his habit of seeking the inner bark of trees as a place to lay his eggs makes him a pest.

Mr. BYRNS. Does he confine his operations to one class of timber?

Col. GREELEY. One species of timber as a rule.

Mr. BYRNS. Are they having some sort of an infestation in other States than the two you have mentioned?

Col. GREELEY. Yes; there are similar infestations of these beetles, or beetles very much like them, in a number of the western States. In the national forests, as a general thing, it is one of the things we are watching, and one of the requirements of our field organization is to jump upon these infestations and extinguish them at the very incipiency before they reach any such proportions as here. For

example, we have a small infestation on our hands now in northern Arizona, partly within the Grand Canyon National Park and partly within the national forest. We expect to wipe that out, in cooperation with the National Park Service, with our regular organization; it will not require any special appropriation. But this proposition here has reached such an extended scale—and it involves the element of cooperation with private owners—that we believe it is essential that the Government do its part in getting rid of a common menace.

Mr. ANDERSON. At what time of the year is this work of eradication done?

APPROPRIATION TO BE MADE AVAILABLE DURING 1923.

Col. GREELEY. It must be done in the spring of the year and during the summer when the beetles swarm. There is one suggestion I wish to make in reference to the language of the item, which would make this fund available during the fiscal year 1923 as well as during the remainder of the fiscal year 1922.

Mr. ANDERSON. You expect, then, to clean up the infestation with this appropriation? You do not expect to ask for an additional sum for 1923?

Col. GREELEY. We expect to clean up the infestation with this appropriation; yes, sir.

Mr. ANDERSON. What advantage would there be in commencing the work before the beginning of the next fiscal year?

Col. GREELEY. In order to clean up the bugs in the whole area before they swarm, which is usually in the month of August, we must establish camps and begin work just as early in the spring as possible; that means that the actual job of cutting the trees and killing the insects must begin by the 1st of April, and be continued until the whole area is cleaned out. We hope to get it all done before the insects swarm, which is in the latter part of the summer or early fall.

Mr. WOOD. You say you expect to get the work done. Do you mean you are going to exterminate all of those bugs?

Col. GREELEY. We can with a good organization and with the private owners doing their part. You see, half of this job will be paid for by the private owners.

Mr. WOOD. Suppose you were cleaning that business up and you find a tree that is badly infested; I do not suppose all of those bugs are on one tree, and that being so, is it not possible that some of the bugs would be so scattered that a few would be left over for seed; that is, if you do not cut down the particular tree on which they have located?

Col. GREELEY. Under the habits of this beetle, the swarms are usually concentrated in large masses; that is his way of doing business; they do not spread out as some other insects do, but they concentrate in large masses. By going in there in the spring of the year, next spring, we can detect from the foliage the trees that are infested.

Mr. WOOD. If they are infested to the extent of affecting them, but you are talking about extermination, and it is a pretty big job to exterminate any kind of a bug, because you are never sure that you have gotten rid of all of them. It is the same as with potato bugs and bugs of that kind; there are always one or two left over for seed.

Col. GREELEY. Well, undoubtedly there will have to be a certain amount of clean-up work in this area after the first job is handled.

The CHAIRMAN. How did you arrive at the conclusion that $150,000 was the amount necessary for this work?

Col. GREELEY. An expert of the Bureau of Entomology went over the whole thing with two or three Forest Service men; they made an estimate of the amount of infested timber and an estimate of the cost of felling it and stripping off the bark, and on their field work this estimate has been made.

The CHAIRMAN. Is this the first time an estimate has been made for this activity?

Col. GREELEY. No, sir; we have at several different times requested the inclusion of an item in our regular budget for the combating of various insects, but it has not been granted. We have, however, done similar work with our regular appropriations at several different points, and have wiped out a number of incipient infestations in that way. But this proposition is too big to handle without help.

Mr. SISSON. Let us follow Mr. Wood's question.

The CHAIRMAN. Let me call his attention to this phase of the situation. I notice that the current agricultural appropriation bill provides as follows:

For investigations of insects affecting forests, $55,000: *Provided*, That $15,000 shall be used for preventing and combatting infestations of insects injurious to forest trees on and near the national forests, independently or in cooperation with other branches of the Federal Government, with States, counties, municipalities, or with private owners.

That is the first appropriation that has been made, and I suppose that covers this activity, does it not?

Col. GREELEY. That was an appropriation made for the Bureau of Entomology, and I do not know of any earlier appropriation, Mr. Chairman, using that language, but our solicitor told us years ago that the authority of the Secretary of Agriculture to protect the national forests under the general language contained in the Forest Service appropriation was ample to justify the eradication of timber-destroying insects, just as it was to put out forest fires.

The CHAIRMAN. I do not think there is any question about the fundamental law giving that authority, but the point which arises is that you made an estimate for $150,000, which was considered during the consideration of the last regular appropriation bill, and that was intended to cover an entire year, while this contemplates the use of $150,000 in five or six months.

Col. GREELEY. Yes, sir.

The CHAIRMAN. That would seem to double the amount by cutting the time in two.

Col. GREELEY. It is just such a case as might happen if you had an outbreak of bubonic plague in New Orleans or at some other point; it is a local situation distinctly.

The CHAIRMAN. If this authority is granted do you think this will be a continuing activity on the part of the department?

Mr. GALLIVAN. May I call attention to the fact that this is for two States only; the money is to be spent in Oregon and California.

The CHAIRMAN. Yes.

Col. GREELEY. We are putting this situation up to you as a specific situation without reference to the general activity of the Forest

Service in protecting the national timber lands from insects. As a matter of fact, that is a continuing activity and we have been doing it for upwards of a dozen years.

The CHAIRMAN. That is so; but this is special.

Col. GREELEY. This is a special clean-up job which we hope can be disposed of under this single item.

Mr. KELLEY. If you had obtained the appropriation of $150,000 in the regular bill, I judge from what you said a moment ago that you probably would not have started to spend it until the spring—that is, until next April.

Col. GREELEY. Normally the spring of the year is the season when effective work can be done in combating insects of this character. There is one point there that you will appreciate, that this sum of $150,000 is designed to protect all of the public lands involved.

The CHAIRMAN. In that locality?

Col. GREELEY. It includes the Indian reservations and includes the unreserved public lands as well as the national forests. The Secretary of the Interior has concurred in having the matter handled in this way, although a part of the land is under his jurisdiction and not under the jurisdiction of the Secretary of Agriculture. The whole point is this: Here is an area which contains 10,000,000,000 feet of virgin pine timber; it is one of the best bodies of pine timber left anywhere in the United States; half of it is in private ownership, roughly, and the other half is in public ownership. The value of the whole thing is probably $30,000,000, and this infestation threatens to wipe out a large portion of that value. The private owners are prepared to meet the situation, but they can not act in the nature of the case unless the Government cooperates with them and does its share in cleaning up its land.

The CHAIRMAN. What proportion of the timber would have to be cut to eliminate this infestation and what would be its salable value? Has anybody made an investigation of that?

Col. GREELEY. I can not say offhand what proportion of the timber would have to be cut, but probably not over 4 or 5 per cent, widely scattered.

The CHAIRMAN. Four or 5 per cent of 10,000,000,000 feet?

Col. GREELEY. Yes. Some of it would have a salable value and some would not.

Mr. BYRNS. I take it that in order to have this kind of work effective it is necessary to have a certain amount of research work.

Col. GREELEY. Yes, sir.

Mr. BYRNS. Of course, that would be preliminary to the actual expenditure of money for the eradication of this pest, and I wondered whether or not such researches had been made as to convince you and others who would have charge of this work that the expenditure of this amount of money would really be effective, or whether or not it would be necessary to make other researches in order to know that the money spent was going to accomplish the purpose.

Col. GREELEY. The Bureau of Entomology has had some special experts in California and Oregon for the past 10 years studying various insects and they have done a lot of practical work; they have helped us clean up several areas in the national forests and that has been very effectively done; they have helped a number of

Forest Service. The solicitor advises us that equal authority exists as to the other public lands involved.

The CHAIRMAN. I think myself that is so. Section 5126 provides:

The Secretary of the Interior shall make provisions for the protection against destruction by fire and depredations upon the public forests and forest reservations which may have been set aside or which may be hereafter set aside under said act of March 3, 1891, and which may be continued; and he may make such rules and regulations and establish such service as will insure the objects of such reservations, namely, to regulate their occupancy and use and to preserve the forests therein from destruction.

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Col. GREELEY. I do not think there is any question as to that.

The CHAIRMAN. Tell us about the merits of the case.

Col. GREELEY. This map, perhaps, will make the situation clear to the members of the committee. There are 1,250,000 acres largely in southern Oregon and running over into northern California, which are very heavily timbered with western yellow pine, through which this infestation by the destroying beetles has been scattered. As yet it is not a serious infestation. The occurrence of the beetles is widely distributed. In some cases we meet with only two or three trees that are infested on a single section, or a square mile, and in other cases we find as much as 30 per cent of the timber infested in considerable spots.

The CHAIRMAN. What do these colors indicate?

Col. GREELEY. This [indicating] is one uniform belt of forest. The yellow lands are on the Klamath Indian Reservation; the brown lands are in private ownership; the green lands are national forest areas, and the red lands are chiefly unreserved public lands. The black part represents lands that are part of the former grant of the California-Oregon Railroad, which was canceled by public action, those lands now being under the administration of the Secretary of the Interior.

The CHAIRMAN. The Government lands are not as extensive as the privately owned lands.

Col. GREELEY. Taking everything that we class as Government lands, the division is approximately half and half. The situation is one in which all of the land owners must cooperate if any of us are to be successful in combatting these insects. The insects are so widely distributed and the topography of the country is such that there are no natural barriers to stop them, so that if any particular owner should clean up his land it would within a year or so be infested from swarms of beetles from surrounding areas. If we should clean up a section of national forest, it might be immediately reinfested from the public lands over here [indicating] or from private lands over here [indicating]. In other words, we are all caught in the same boat, and if we are going to meet the situation, we must pull together. The State of Oregon has met the situation from the standpoint of the State by enacting a law which makes it compulsory upon the private owners of timber lands in that State to clean up their holdings of destructive insects. They put it upon a basis that makes it obligatory upon the private owner to clean up his own property.

The private owners in Oregon and California have prepared to go ahead with this work if they can secure joint action by the Government on lands which the Government owns. The Government will

not spend anything for the protection of private timber, but only for the protection of its own timber, by the removal of a common nuisance and the menace that beetles will reinfest any area that may be cleaned up unless the whole job is done simultaneously. We have had some pretty bitter experience with these pine-destroying beetles in the past. Nearly 2,000,000,000 feet of timber was wiped out in the Black Hills of South Dakota by a similar infestation, and that infestation, while combated by Government agencies, had reached such a stage that an enormous proportion of the work done was not very effective.

VALUE OF TIMBER IN INFESTED AREA.

The CHAIRMAN. What is the value of the Government timber in this area?

Col. GREELEY. The Government timber in this area, all told, represents approximately 15,000,000,000 feet, and I would say that it has a fair value of $3 per thousand feet, so that it represents $45,000,000

METHOD OF COMBATING BEETLE.

Mr. ANTHONY. How do you fight this beetle?

Col. GREELEY. The infested trees where the active swarms are located must be cut down while the beetles are in the larva stage in the inner bark. The bark is peeled off and either burned or exposed to the sunlight, so that the larvae will be killed. We have had the very effective help of the Bureau of Entomology, which of course represents the scientific end of this job, and their experts furnish technical advice as to how the work shall be done. We have had from them a very effective demonstration of the possibility of stopping an attack of this character in one of the national forests in California, which contained some very valuable timber, and we were able with the funds available for that forest to clean up two townships, where a small infestation had gotten started, under the direction and with the cooperation of the Bureau of Entomology. That country has now been made practically 100 per cent free.

The CHAIRMAN. How long since was that?

Col. GREELEY. That was finished two years ago.

The CHAIRMAN. Is there any possibility of a renewal of that infestation?

Col. GREELEY. So far as we can judge, there is no serious possibility. There may be a few swarms of beetles that were not reached. Normally, of course, their natural enemies, such as the woodpecker and other birds, take care of those insects, but we have gotten it now to the point where if any reinfestation does appear it will be a very small affair and can be very quickly wiped out.

Mr. ANTHONY. Are only certain isolated trees attacked, or are the trees generally infested in an area?

Col. GREELEY. It varies. The beetles upon reaching the adult stage will swarm and perhaps move as much as half a mile, but just what directs their location upon a particular tree or group of trees I am unable to say. Over the greater part of this area there are just a few trees here and there infested.

Mr. ANTHONY. So you do not have to wipe out any extended areas?

Col. GREELEY. No, sir; there will be no extensive destruction of timber in the process of destroying these pests. It will be a case of locating the trees that are infested, cutting them down on the ground before the beetles swarm, and then ripping the bark away and exposing the larvæ to the sunlight so that they may be killed.

Mr. ANTHONY. Can you use the tree after cutting it down?

Col. GREELEY. In some cases, if there is any market for it, we can sell it.

Mr. BYRNS. Is any great damage being done now, or is it rapidly increasing?

Col. GREELEY. Damage is being done to-day on this whole area of public and private lands, containing about 1,000,000,000 feet of timber.

The CHAIRMAN. What effect does the beetle have on the tree, and how rapidly does the beetle itself propagate?

Col. GREELEY. The adult beetles bore through the bark, and start cutting cells and passageways in the inner bark, next to the sap wood, and, in fact partly in the sap wood. When the swarm is of sufficient size or when there is a sufficient number of swarms lighting on the same tree, that process results in the girdling of the tree.

The CHAIRMAN. How long does it take to do that?

Col. GREELEY. In a serious infestation, trees will often be killed in a single year. On the other hand, it not infrequently happens that a small swarm will light on a tree and will not be sufficient to girdle it, and the tree suffers no serious injury. These bugs move apparently in cycles and when an infestation is once started our experience shows it is very apt to reach very large proportions and wipe out an immense amount of timber before it subsides from natural causes. The science of the thing has not been completely worked out, but all of the scientific data to date indicates that we are just at the beginning of an infestation similar to the one in the Black Hills and in other portions of the country which wrought tremendous damage.

Mr. WOOD. How long has this beetle been known in this country?

Col. GREELEY. The Bureau of Entomology has been studying this beetle for certainly some 25 years and that Bureau has been gradually establishing its habits and life history.

Mr. WOOD. Then this beetle is not a recent discovery?

Col. GREELEY. No.

Mr. WOOD. What kind of a looking animal is he?

Col. GREELEY. He is a little brown beetle not over three-sixteenths of an inch long in the adult stage. He swarms by the millions and his habit of seeking the inner bark of trees as a place to lay his eggs makes him a pest.

Mr. BYRNS. Does he confine his operations to one class of timber?

Col. GREELEY. One species of timber as a rule.

Mr. BYRNS. Are they having some sort of an infestation in other States than the two you have mentioned?

Col. GREELEY. Yes; there are similar infestations of these beetles, or beetles very much like them, in a number of the western States. In the national forests, as a general thing, it is one of the things we are watching, and one of the requirements of our field organization is to jump upon these infestations and extinguish them at the very incipiency before they reach any such proportions as here. For

example, we have a small infestation on our hands now in northern Arizona, partly within the Grand Canyon National Park and partly within the national forest. We expect to wipe that out, in cooperation with the National Park Service, with our regular organization; it will not require any special appropriation. But this proposition here has reached such an extended scale—and it involves the element of cooperation with private owners—that we believe it is essential that the Government do its part in getting rid of a common menace.

Mr. ANDERSON. At what time of the year is this work of eradication done?

APPROPRIATION TO BE MADE AVAILABLE DURING 1923.

Col. GREELEY. It must be done in the spring of the year and during the summer when the beetles swarm. There is one suggestion I wish to make in reference to the language of the item, which would make this fund available during the fiscal year 1923 as well as during the remainder of the fiscal year 1922.

Mr. ANDERSON. You expect, then, to clean up the infestation with this appropriation? You do not expect to ask for an additional sum for 1923?

Col. GREELEY. We expect to clean up the infestation with this appropriation; yes, sir.

Mr. ANDERSON. What advantage would there be in commencing the work before the beginning of the next fiscal year?

Col. GREELEY. In order to clean up the bugs in the whole area before they swarm, which is usually in the month of August, we must establish camps and begin work just as early in the spring as possible; that means that the actual job of cutting the trees and killing the insects must begin by the 1st of April, and be continued until the whole area is cleaned out. We hope to get it all done before the insects swarm, which is in the latter part of the summer or early fall.

Mr. WOOD. You say you expect to get the work done. Do you mean you are going to exterminate all of those bugs?

Col. GREELEY. We can with a good organization and with the private owners doing their part. You see, half of this job will be paid for by the private owners.

Mr. WOOD. Suppose you were cleaning that business up and you find a tree that is badly infested; I do not suppose all of those bugs are on one tree, and that being so, is it not possible that some of the bugs would be so scattered that a few would be left over for seed; that is, if you do not cut down the particular tree on which they have located?

Col. GREELEY. Under the habits of this beetle, the swarms are usually concentrated in large masses; that is his way of doing business; they do not spread out as some other insects do, but they concentrate in large masses. By going in there in the spring of the year, next spring, we can detect from the foliage the trees that are infested.

Mr. WOOD. If they are infested to the extent of affecting them, but you are talking about extermination, and it is a pretty big job to exterminate any kind of a bug, because you are never sure that you have gotten rid of all of them. It is the same as with potato bugs and bugs of that kind; there are always one or two left over for seed.

Col. GREELEY. Well, undoubtedly there will have to be a certain amount of clean-up work in this area after the first job is handled.

The CHAIRMAN. How did you arrive at the conclusion that $150,000 was the amount necessary for this work?

Col. GREELEY. An expert of the Bureau of Entomology went over the whole thing with two or three Forest Service men; they made an estimate of the amount of infested timber and an estimate of the cost of felling it and stripping off the bark, and on their field work this estimate has been made.

The CHAIRMAN. Is this the first time an estimate has been made for this activity?

Col. GREELEY. No, sir; we have at several different times requested the inclusion of an item in our regular budget for the combating of various insects, but it has not been granted. We have, however, done similar work with our regular appropriations at several different points, and have wiped out a number of incipient infestations in that way. But this proposition is too big to handle without help.

Mr. SISSON. Let us follow Mr. Wood's question.

The CHAIRMAN. Let me call his attention to this phase of the situation. I notice that the current agricultural appropriation bill provides as follows:

For investigations of insects affecting forests, $55,000: *Provided*. That $15,000 shall be used for preventing and combatting infestations of insects injurious to forest trees on and near the national forests, independently or in cooperation with other branches of the Federal Government, with States, counties, municipalities, or with private owners.

That is the first appropriation that has been made, and I suppose that covers this activity, does it not?

Col. GREELEY. That was an appropriation made for the Bureau of Entomology, and I do not know of any earlier appropriation, Mr. Chairman, using that language, but our solicitor told us years ago that the authority of the Secretary of Agriculture to protect the national forests under the general language contained in the Forest Service appropriation was ample to justify the eradication of timber-destroying insects, just as it was to put out forest fires.

The CHAIRMAN. I do not think there is any question about the fundamental law giving that authority, but the point which arises is that you made an estimate for $150,000, which was considered during the consideration of the last regular appropriation bill, and that was intended to cover an entire year, while this contemplates the use of $150,000 in five or six months.

Col. GREELEY. Yes, sir.

The CHAIRMAN. That would seem to double the amount by cutting the time in two.

Col. GREELEY. It is just such a case as might happen if you had an outbreak of bubonic plague in New Orleans or at some other point; it is a local situation distinctly.

The CHAIRMAN. If this authority is granted do you think this will be a continuing activity on the part of the department?

Mr. GALLIVAN. May I call attention to the fact that this is for two States only; the money is to be spent in Oregon and California.

The CHAIRMAN. Yes.

Col. GREELEY. We are putting this situation up to you as a specific situation without reference to the general activity of the Forest

Service in protecting the national timber lands from insects. As a matter of fact, that is a continuing activity and we have been doing it for upwards of a dozen years.

The CHAIRMAN. That is so; but this is special.

Col. GREELEY. This is a special clean-up job which we hope can be disposed of under this single item.

Mr. KELLEY. If you had obtained the appropriation of $150,000 in the regular bill, I judge from what you said a moment ago that you probably would not have started to spend it until the spring—that is, until next April.

Col. GREELEY. Normally the spring of the year is the season when effective work can be done in combating insects of this character. There is one point there that you will appreciate, that this sum of $150,000 is designed to protect all of the public lands involved.

The CHAIRMAN. In that locality?

Col. GREELEY. It includes the Indian reservations and includes the unreserved public lands as well as the national forests. The Secretary of the Interior has concurred in having the matter handled in this way, although a part of the land is under his jurisdiction and not under the jurisdiction of the Secretary of Agriculture. The whole point is this: Here is an area which contains 10,000,000,000 feet of virgin pine timber; it is one of the best bodies of pine timber left anywhere in the United States; half of it is in private ownership, roughly, and the other half is in public ownership. The value of the whole thing is probably $30,000,000, and this infestation threatens to wipe out a large portion of that value. The private owners are prepared to meet the situation, but they can not act in the nature of the case unless the Government cooperates with them and does its share in cleaning up its land.

The CHAIRMAN. What proportion of the timber would have to be cut to eliminate this infestation and what would be its salable value? Has anybody made an investigation of that?

Col. GREELEY. I can not say offhand what proportion of the timber would have to be cut, but probably not over 4 or 5 per cent, widely scattered.

The CHAIRMAN. Four or 5 per cent of 10,000,000,000 feet?

Col. GREELEY. Yes. Some of it would have a salable value and some would not.

Mr. BYRNS. I take it that in order to have this kind of work effective it is necessary to have a certain amount of research work.

Col. GREELEY. Yes, sir.

Mr. BYRNS. Of course, that would be preliminary to the actual expenditure of money for the eradication of this pest, and I wondered whether or not such researches had been made as to convince you and others who would have charge of this work that the expenditure of this amount of money would really be effective, or whether or not it would be necessary to make other researches in order to know that the money spent was going to accomplish the purpose.

Col. GREELEY. The Bureau of Entomology has had some special experts in California and Oregon for the past 10 years studying various insects and they have done a lot of practical work; they have helped us clean up several areas in the national forests and that has been very effectively done; they have helped a number of

private timberland owners to clean up infestations on their lands; they maintain a field station at Ashland, Oreg.—which is not very far from this region—where those studies have been concentrated, and they have worked at the research end of this problem pretty effectively; at least I am satisfied from the demonstrations they gave us on one of our national forests in the State of California that money expended for this purpose is well spent. We had a situation there corresponding to this situation and it has been effectively and successfully handled under their methods. That is as much of a demonstration as I would need. The private owners who are involved are also satisfied that the control of this danger is feasible, that it is a wise expenditure from their standpoint and they are ready to go ahead.

Mr. KELLEY. The point I had in mind was this, that you have fixed your salaries and everything upon the basis of a full year. Now, I judged from your discussion that you would begin the work, the preliminary steps having already been taken by another bureau, about the 1st of April and that it would run through April, May, June, July and August, and then the work would be cleaned up, so that I should think a six months' appropriation, based on the figures you have submitted, would cover the time when you could handle these insects.

Col. GREELEY. The rates of pay are figured on an annual basis. The temporary laborers, of course, would be employed during a comparatively short portion of the year. Just as soon as this appropriation is made, if it is made, it will be necessary to begin the preliminary work, because this whole proposition has got to be carefully organized in cooperation with the private owners whose lands are involved. Men have got to be immediately assembled and instructed in the work of selecting the infested trees; places for the location of camps have got to be selected, and we really ought to be at work on it now, and just as soon as the money becomes available the work will begin. It is true that the heavy expenditure will cease with the latter part of next summer.

Mr. KELLEY. I judged from what you said that you could not tell so very well what trees were infested until the leaves come out.

Col. GREELEY. These are all evergreens.

Mr. KELLEY. These are pines?

Col. GREELEY. Yes.

Mr. KELLEY. So that you could even start now?

Col. GREELEY. We could start that work just as soon as the money becomes available.

The CHAIRMAN. How did you reach the rates of compensation that are set out here?

Col. GREELEY. They are based upon the prevailing rates paid by the Bureau of Entomology and by the Forest Service for work of comparable responsibility and comparable technical requirements.

The CHAIRMAN. Do you know anything about this limitation:

That no part of this appropriation, except necessary expenditures for preliminary investigations, shall be expended unless the States of Oregon and California, or the owners of pine timber land adjacent to or intermingled with lands owned or administered by the United States shall have satisfied the Secretary of Agriculture that the insect infestations on said adjacent and intermingled lands will be abated, in accordance with State law or voluntarily by the owners of such lands, to the extent necessary in the judgment of the Secretary of Agriculture to protect the timber on lands owned or administered by the United States from reinfestation.

Col. GREELEY. Yes, sir; that is simply a limitation to protect the expenditure of the Government funds from the same standpoint that the private owners demand protection in the expenditure of their funds, that is, to do this work successfully the whole area must be cleaned up at once, and if the private owners should for any reason fail at the last minute to clean up their lands it would be useless for the Government to go ahead and spend money on its holdings. That is the reason for that limitation.

Mr. SISSON. If I may I would like to ask a question: I do not want to interrupt anybody, but following Mr. Wood's inquiry—and I really would have liked to have this go in the record at that point—you have told us that you get rid of the larvae that produces the bug, but what do you do with these bugs that are left? How do you destroy them, the bugs that lay the eggs?

Col. GREELEY. Well, you see, at that time of the year the whole tribe is in the larvae stage.

Mr. SISSON. Do not any of them live over?

Col. GREELEY. After the adults lay the eggs they die.

Mr. SISSON. That was not apparent from your earlier answers.

Col. GREELEY. I am not a scientific entomologist or anything like it.

Mr. WOOD. What is the life of one of these bugs—just one season?

Col. GREELEY. I think it is just one season. May I ask that the language of that item be changed so as to make the amount available for the fiscal year 1923 as well as to be immediately available?

The CHAIRMAN. That is legislation. If we limited it to December 31, 1922, would that answer?

Col. GREELEY. I think that would meet the situation.

The CHAIRMAN. That would give you an entire year to do your work. I do not know what the committee will finally do about it, but if December 31 suits you we will consider that.

Col. GREELEY. I think if it can be made available until December 31, 1922, it it would meet the situation.

The CHAIRMAN. We will consider that.

CLAIM OF QUINCY R. CRAFT.

Col. GREELEY. You have an item in reference to the accounts of Quincy R. Craft.

The CHAIRMAN. Those items are not properly before us; they are claims and have no business here. The only way you can reach that question is to go before the Committee on Claims, because we have no jurisdiction.

Col. GREELEY. Will this item be referred to the Committee on Claims?

The CHAIRMAN. No; you will have to take it there. It will have to go to Congress in the form of a bill.

Col. GREELEY. A special bill?

The CHAIRMAN. Yes. This is subject to a point of order under the rules of the House.

Col. GREELEY. Have there not been a good many of these items carried in deficiency bills?

The CHAIRMAN. I think there have but under the new rules of the House or under the budget system the House is inexorable in its

determination not to permit this sort of practice and the committee is trying to conform to the attitude of the House.

Col. GREELEY. It is just a case of two different interpretations of the same law by two different lawyers.

The CHAIRMAN. That very often happens.

Col. GREELEY. The solicitor of our department ordered this bill paid but the Comptroller of the Treasury disallowed it.

The CHAIRMAN. We really are not in a position to take it up.

PROTECTION OF OREGON AND CALIFORNIA RAILROAD LANDS AND COOS BAY WAGON ROAD LANDS.

Col. GREELEY. All right, sir. Do you wish me to say anything with regard to the deficiency for the protection of the Oregon and California grant lands?

The CHAIRMAN. If you know anything about it.

Col. GREELEY. The original appropriation of $25,000, subsequently increased to $30,000 by a deficiency item, was made to the General Land Office in the Interior Department for the protection of approximately two and one-third million acres of land in the revested Oregon and California grant. The Department of the Interior for a number of years has requested the Forest Service to disburse this fund and they have requested me to speak of it to the committee, since the Forest Service is primarily responsible for the expenditure of this money.

The original Oregon and California railroad grant embraced the odd sections within the strip of country defined by that purple line [indicating on map]. Upon the revesting of that grant in the United States, the problem of protecting the timber became an important one pending the final disposition of the land. As you will note from the lines indicated on this map, a portion of the granted lands were within the boundaries of national forests, but a much larger portion is outside of those boundaries, although most of it is within a belt of country that is largely forest in character and intermingled with private timber holdings. At the request of the Interior Department the Forest Service undertook the expenditure of this fund for the protection of the granted lands, the revested lands, since we were maintaining a field protective organization in a portion of this region. In the interest of economy in the expenditure of this fund the work has been handled in this fashion: On all of the areas in the vicinity of national forests the lands have been protected by additional guards employed under the direction of our own local forest supervisors; away from the national forests, where that method was not practicable, the protection of these lands has been put under the charge of the local protective associations created in the State of Oregon and recognized by its laws, and they have protected these lands in common with their own. The original amount of $25,000 proved inadequate on account of the number of forest fires and the enormous extent of the lands involved, and they are of a spread out character.

NOTE.—In 1918 it was necessary for Congress to provide for a deficiency of $10,000 over and above the $25,000 item, and in 1920 to provide for a deficiency of $14,110 in addition to the regular $25,000 item. The $25,000 was insufficient for 1921, and early in the spring a deficiency was requested of $10,156. This was based upon expenditures already incurred, past experience and approved plans for fire protection to and

including June 30, 1921. For some unknown reason this item was cut in committee to $5,000 and passed in that amount. The expenditures necessary to protect the public property, however, exceeded our estimates by $356.17. The total amount expended for the protection of these lands during the fiscal year 1921 amounted to $36,512.17, of which amount $6,512.75 is an actual deficiency which has been incurred to date. This money has been paid out.

The CHAIRMAN. That occurred during the last fiscal year?

Col. GREELEY. Yes, sir. That money was paid out by the private protective associations in the State of Oregon, who assumed, under an arrangement with us, the protection of a portion of these lands.

The CHAIRMAN. This was a contract obligation?

Col. GREELEY. It was a contract obligation and the Government stands debtor to these associations to the extent of the amount named in the items. That is the basis of the request for a deficiency appropriation.

The CHAIRMAN. Do they render bills to the Government for this work?

Col. GREELEY. Yes, sir.

The CHAIRMAN. And those bills have been audited?

Col. GREELEY. The bills have been audited and approved for payment subject to the procurement of funds. The expenditure, including this deficiency item of $6,512.17, represents an actual outlay of a little less than 16 mills per acre for the area protected, which is not an exhorbitant amount in comparison with the legal requirement in the State of Oregon of 5 cents per acre as a maximum expenditure, and in comparison with an average expenditure in the private lands adjoining these O. and C. holdings of about 3 cents per acre. In my judgment there is no doubt but what the work was effectively done by these private associations.

The CHAIRMAN. Do you have in advance a contract with them for a stipulated amount?

Col. GREELEY. It is an agreement reached with them under which the amount can not be stipulated exactly, but under which the Government assumes a proper pro rata share.

The CHAIRMAN. Can you contract with a citizen or with a corporation in excess of the amount of the appropriation?

Col. GREELEY. No, sir.

The CHAIRMAN. Would this come within that prohibition?

Col. GREELEY. Not the form of agreement which we make which has been approved by our solicitor as legal, since its wording makes payment by the Government subject to the appropriation of funds by Congress. If a legal obligation does not exist, I would put it on the basis of a moral obligation.

The CHAIRMAN. Of course, this committee has no jurisdiction over moral obligations. From my standpoint, judging by the law, this would have to go to a committee that would have jurisdiction to report a bill where a legal obligation did not exist. I doubt if we would have that authority.

Col. GREELEY. Well, is it necessary for this committee to view it from that standpoint? There is no question but what the appropriation is authorized. Two deficiency appropriations have been made for this item in previous years under exactly similar circumstances and one has already been made by this very committee.

Mr. WOOD. You say this appropriation is authorized?

Col. GREELEY. Oh, yes; it is an appropriation that has been made for a number of years.

Mr. WOOD. That is, the general appropriation, but there has been no appropriation authorized for carrying out specifically this contract arrangement you have made?

Col. GREELEY. No; no contract mentioning a contractual relation of this character.

The CHAIRMAN. Suppose you had not contracted with these people, would you feel it was incumbent upon you to furnish this service?

Col. GREELEY. Yes, sir; it is just what the law contemplated. The law contemplated that these lands should be protected. We had the option of putting in a special service of our own, apart from the national forests, or of making this arrangement with a local protective organization.

The CHAIRMAN. Would it have cost more or less to have done this work with a separate organization?

Col. GREELEY. It would have cost materially more to have maintained a separate service of our own.

Mr. SISSON. Did not the people with whom you made the contract understand the amount of money you had on hand or the amount appropriated for this purpose?

Col. GREELEY. They undoubtedly knew the amount of the appropriation; yes, sir.

Mr. SISSON. Then they are particeps criminis in making a contract in open violation of the law. There is another statute which provides specifically you can not do that. One statute authorizes this committee to make the appropriation. After that appropriation is made for the fiscal year, that statute is satisfied. Now, there is another statute that specifically prohibits the making of a contract on the part of any of the agencies of the Government beyond the amount of the appropriation. If that statute was not in existence, the mere authorization for making the contract would mean that the Government could not, through its Congress, control the appropriation, and the appropriation would be controlled by the men who want to spend the money.

Mr. BYRNS. Is not this case on all fours with other deficiencies? Here is a proposition that is authorized by law. Congress made an appropriation of only $25,000 which was insufficient to afford the protection. Now, they have expended more than the amount appropriated by Congress just as in the case presented a while ago with reference to the protection of national forests where he spent over $191,000 more, I think, than Congress authorized by its appropriation. It seems to me this is on all fours with any other deficiency.

The CHAIRMAN. It might make some difference according to what their understanding was.

Mr. SISSON. Of course, if that were the law, there would be no necessity for this committee to act or for any committee of Congress to act, and all they would have to do would be simply to turn them loose and let them spend what they please and draw whatever they want out of the Treasury.

Mr. BYRNS. I understand that, but I was simply calling your attention to the similarity between this proposition and the other proposition where $191,000 was actually expended which Congress never authorized to be expended.

Mr. SISSON. Except in the case of the other fund for the Forest Service, he might lop off the balance of the year's business. You see he actually pays this out of any fund he has and this appropriation reimburses that one.

Col. GREELEY. Yes.

The CHAIRMAN. It might make some difference whether you made an agreement with these people to get the protection for the $25,000 that was available or simply for the protection without any stipulated cost.

Col. GREELEY. We made no contract, Mr. Chairman, stipulating the payment of a specific sum of money. An agreement was made with them to protect these lands and to extinguish fires which occurred upon them, and under that agreement we undertook to pay our pro rata share, acre per acre, of the cost of doing this work, subject to the appropriation of funds by Congress. To us it was an opportunity to have the work done more economically than if we put a separate organization of our own in the field which would duplicate the organization on the surrounding lands maintained by this private association.

The CHAIRMAN. I do not think there is any doubt about your authority to do that.

Mr. WOOD. How did they measure this cost, by the work actually done?

Col. GREELEY. In a pro rata basis of the cost of protecting the unit in which these lands formed the alternate sections. You see, these lands are checkerboard lands, every other section. A fire might threaten all the land in one section, and therefore it must be handled as a unit.

Mr. WOOD. The fire might or might not occur on our land and might be on their land, but if let alone it would run onto our land, is that the theory?

Col. GREELEY. That is exactly it.

THURSDAY, NOVEMBER 10, 1921.

PREVENTION OF LOSS OF TIMBER FROM INSECT INFESTATION ON PUBLIC LANDS IN OREGON AND CALIFORNIA.

STATEMENT OF HON. NICHOLAS J. SINNOTT, A MEMBER OF CONGRESS FROM THE STATE OF OREGON.

The CHAIRMAN. You may proceed, Mr. Sinnott.

Mr. SINNOTT. Mr. Chairman and gentlemen of the committee, I can add but little to Mr. Greeley's statement; but the people in southern and central Oregon and in California are very much alarmed over the depredations of the beetle in the Government timber, and also in private timber. The various commercial bodies in that section have passed resolutions regarding the same. The matter has been taken up by the Oregon State Board of Forestry. I myself have been in some of the timber. I took up a timber claim a number of years ago in what looked to be very fine timber. I sol

that claim several years ago. I had not been in that same section of the country for several years until last year, and I could not recognize the country from the timber. Every third or fourth tree seemed to be dead. I was told that that was caused by the insect.

The CHAIRMAN. What is the area over which this trouble exists?

Mr. SINNOTT. It exists over a great many square miles of area.

I have a statement from the State forester of the Oregon State Board of Forestry, Salem, Oreg. May I read that?

The CHAIRMAN. That may be incorporated in the record.

Mr. SINNOTT. Very well. I feel the committee will read it.

(The letter referred to by Mr. Sinnott follows:)

OREGON STATE BOARD OF FORESTRY,
Salem, November 4, 1921.

Hon. N. J. SINNOTT,
House of Representatives, Washington, D. C.

DEAR MR. SINNOTT: A meeting was held in San Francisco on October 29, 1921 at which were representatives of the United States Forest Service, the Bureau of Entomology, and various private interests of the Pacific Coast States, the main purpose of which conference was to discuss machinery for cooperation among the different agencies involved in the event of the passage of your House resolution 7194 and that of Senator McNary, Senate bill 2084.

The area of both Government-owned and privately owned lands affected by the pine beetle is so large and the project is of such magnitude and prompt action is so essential that all agreed there was need of perfecting, so far as possible in advance, exact plans for control work. Active work will probably not start before the beginning of next March, and as the number of trained men available for carrying on the work is limited, it is feared that as your bills now read it may not be possible to organize the work to advantage.

I have been requested to take the matter up with you with the idea, if possible, of having your measure amended, making the appropriation available until June 30, 1923, or better still, until expended. A great deal could be accomplished before June 30, 1922, if the funds were made available within a short time, but it is thought better results could be secured if plans could be perfected with a view of considering the treatment of the areas as continuous project and without the necessity of figuring on a lapsing appropriation.

We are all very grateful to you and Senator McNary for the manner in which you have taken up this matter, and are very sorry to have to ask for further changes; however, we think you will appreciate the desirability of extending the time during which funds will be available.

I am not writing to Senator McNary, as I think Mr. C. S. Chapman, forester, Western Forestry and Conservation Association, is writing him, and as we know that you are working jointly in the matter. I shall appreciate hearing from you regarding these bills as to the probability of their passage and as to whether you think it advisable to make the change requested herein.

I am inclosing herewith a resolution passed by the Association of State Foresters at Chestertown, N. Y., September 20–22, 1921; also a resolution passed by the Twelfth Pacific Logging Congress in regular session at San Francisco, Calif., the latter part of October, 1921.

Very sincerely, yours,

F. A. ELLIOTT, *State Forester.*

OCTOBER 28, 1921.

RESOLUTION ON INSECT CONTROL.

Whereas insect infestations in southern Oregon and northern California have already resulted in loss of over 2,000,000,000 board feet of merchantable yellow-pine tumber and are causing an additional annual loss on Government and privately owned lands in excess of $500,000; and

Whereas it has been fully demonstrated by the United States Bureau of Entomology, Forest Service, and private owners that successful control work may be conducted at reasonable cost; and

Whereas private owners in the region now stand ready to undertake beetle control on their lands, but, due to intermingling of ownership, concerted action of Government and private owners is essential; and

Whereas there is now legislation before both Houses of Congress to provide an appropriation of $150,000, whereby control work may speedily be undertaken on Government-owned lands contingent upon private owners also, and at the same time instituting proper control in their holdings; and

Whereas the increasing yearly losses constitute a serious menace to Government and private owners alike, and it should be the policy of the Federal Government not only to protect its own interests but likewise to put no stumblingblocks in the way of proper protection of privately owned lands. Now, therefore, be it

Resolved by the Twelfth Pacific Logging Congress in regular session assembled, That we urge the passage of legislation now before Congress to the end that insect-control work may be undertaken on publicly owned lands in southern Oregon and northern California, thereby permitting similar treatment of privately owned areas; and be it

Resolved, That a copy of this resolution be sent to Members of congressional delegations of every Pacific coast State, to the Secretaries of Agriculture and Interior, and to heads of the Forest Service and Bureau of Entomology.

Mr. SINNOTT. I also have a resolution from the Lake View (Oreg.) Chamber of Commerce which I should like to have inserted in the record.

The CHAIRMAN. Very well.

(The resolution referred to by Mr. Sinnott follows:)

LAKEVIEW CHAMBER OF COMMERCE,
Lakeview, Oreg., September 30, 1921.

Hon. NICHOLAS J. SINNOTT,
House of Representatives, Washington, D. C.

DEAR SIR: On behalf of the Lakeview Chamber of Commerce, I inclose you herewith a copy of the resolution recently adopted by our organization in reference to the pine-beetle menace that has taken such a serious aspect here.

Our resolution urges that you heartily indorse the McNary Sinnott bill now pending before Congress.

Hoping that our resolution will be duly recognized, we are,

Yours, very truly,

LAKEVIEW CHAMBER OF COMMERCE,
By B. K. SNYDER, Secretary.

At a special meeting of the Lakeview Chamber of Commerce held at Lakeview, Oreg., on the 17th day of September, 1921, Hon. B. H. [illegible] presiding the following resolution was unanimously adopted:

Whereas Lake County is located within the limits of a great body of pine timber comprising more than a million acres in extent and the said county depends very greatly for its future prosperity upon the conservation and [illegible] exploitation of said timber;

Whereas recent investigations have [illegible] a tremendous amount of destruction of [illegible] and

Whereas, owing to the fact that said timber is owned by many private persons and corporations and also by the Federal Government and it has been found impractical both from the point of view of the impossibility of concerting action, and also from the standpoint of the great expense involved properly to combat the menace without the cooperation and assistance of the Government; and

Whereas, owing to lack of transportation facilities, the [illegible] conditions of the lumber industry and the [illegible] to be out of the question to expect that this timber will be cut for some considerable time, and in the meantime there is a great danger that the beetle pest will render all or a greater part of said timber [illegible]

Now, therefore, be it

Resolved by the Lakeview Chamber of Commerce, That it is the sense of this association that the Government of the United States should bear an equal part with the private owners of said timbered area in concerted action to eliminate the pine beetle pest. This association heartily indorses the McNary-Sinnott bill now pending before Congress having this end in view, and most respectfully urges the Members of Congress to support this much-needed legislation and thereby aid the people of this section in conserving the most valuable body of pine timber remaining in the United States. We take this action fully realizing the great financial burdens which the people of the country are called upon to bear at this time, but feeling that to ignore the imminent danger of wholesale destruction of one of our most valuable natural resources would be a most disastrous policy, and in the end infinitely more expensive than the comparatively small outlay which will be entailed in combating the beetle pest without further delay: Be it further

Resolved, That copies of this resolution be mailed to the delegations in Congress from the States of Oregon, California, and Washington.

LAKEVIEW CHAMBER OF COMMERCE.
By B. K. SNYDER, *Secretary*.

Mr. SINNOTT. Here is an article from the Bend Press, Oreg., of October 21, 1921, which I should like to submit to the committee.

(The article referred to by Mr. Sinnott follows:)

LOSSES BY PINE BEETLE HEAVY.

WASHINGTON, D. C.

Ravages of the pine beetle in forests cause bigger loss than forest fires. This is shown in a report from J. F. Kimball, secretary of Klamath-Lake Counties Forest Fire Association, of Klamath Falls, Oreg., to the American Forestry Association. Facts and figures as to this form of forest devastation were placed before Senator McNary and Representative Sinnottt, of Oregon, who are urged to put forth every effort for the passage of relief measures now in Congress.

The report from Secretary Kimball shows that on an area of less than 800,000 acres there has been an annual loss of $300,000 for 10 years. The loss by fire was 10,000,000 feet of pine, while the loss caused by the beetle reached 1,000,000,000 feet. Inasmuch as private timberland owners would be spending money uselessly if the United States Government does not coopearte in fighting this pest on public lands adjoining private holdings, the American Forestry Association is asked to direct the campaign for gettng action through Federal legislation.

Now is the time to start the warfare against the beetle the association points out. From now on until next March is the time to locate the infested trees. The limbs and main trunks can be cut down and burned. If 75 per cent of the infested areas can be treated the remaining timber can be protected for several years. Investigation shows the beetle can be attracted to girdled and felled trees. As a rule two or three "trap" trees to the acre are enough to get results.

The pest is a borer and is particularly destructive to the timber in the mountains of California, northward into Oregon and Washington, and eastward into Montana. The bugs dig winding egg galleries in the bark and the result is a stripped and dead tree.

Railroad officials and chambers of commerce throughout the infested section are urging action on the McNary-Sinnott measure.

Mr. SINNOTT. The newspapers have taken up the matter. I have several other newspaper articles on the matter.

I have a letter from Mr. T. A. McCann, vice president of the Shevlin, Carpenter & Clarke Co., one of the biggest operators in that country, in which he speaks about it. He says:

We are proceeding with some work done to combat the insect infestation which has become quite pronounced on some of our lands, and we are glad to

note that the Forestry Department will likewise have available some money if your bill passes—

I introduced a bill for this purpose—

as it does not help us materially to have their lands infested when they adjoin ours and not be taken care of.

Their lands are intermingled with the Government lands.

Mr. KELLEY. If we do this, Mr. Sinnott, are there any private holdings, you suppose, where the holders will refuse to cooperate so as to render the whole service of no value?

Mr. SINNOTT. I would not think so. The holdings are pretty large in that section. Of course, there may be an isolated case here and there, but there is a state law which compels the private owner to eradicate the pest which has been declared by statute a public nuisance.

Mr. KELLEY. Is there any activity on the part of the State itself to prevent this insect from spreading?

Mr. SINNOTT. Yes; the Oregon Legislature this year (chap. 198 of the session laws of Oregon for 1921) passed a law declaring these pine beetles a public nuisance and required the owner to eradicate them. The law also requires the owner to notify the State forester of the pest on his timber and on adjacent timber lands. It is then made the duty of the State forester to investigate the pest and he may then, with the approval of the State board of forestry declare a district or zone of infestation; then, on application of 60 per cent of the timber-land owners in said zone or district, the State forester must notify all the owners in said district to eradicate the beetles. If any owner refuses it is made the duty of the State forester to eradicate the pest in the timber of the refusing owner, and the State file a lien upon the timber land of the refusing owner to pay the expenses of the eradication.

Mr. KELLEY. Of course, to make this a success there would have to be close cooperation between the owners of the private land, the State, and the Federal Government.

Mr. SINNOTT. People interested in the timber in the State are proceeding along that line. I understand the Secretary made his recommendation conditional that the other people would cooperate, and they should cooperate.

Mr. KELLEY. I think that is the language contained in the bill.

Mr. SINNOTT. Yes, sir; they will have to cooperate.

The CHAIRMAN. It would not do any good for the Government or any private individuals to undertake this unless they all did it together?

Mr. SINNOTT. Yes, sir; they will have to get together and cooperate to eradicate this pest.

I have one or two other letters, Mr. Chairman, which I should like to have inserted in the record.

The CHAIRMAN. They may go into the record.

Mr. SINNOTT. Here is a letter from Mr. J. F. Kimball, of Klamath Falls, Oreg., Secretary of the Klamath Falls Chamber of Commerce. He goes into this beetle infestation at length, and I should like to have that go into the record.

The CHAIRMAN. Very well.

(The letter referred to by Mr. Sinnott follows:)

KLAMATH FALLS, OREG., *November 4, 1921.*

Hon. N. J. SINNOTT,
House of Representatives, Washington, D. C.

DEAR MR. SINNOTT: At a conference in San Francisco the past week, in which I represented the private owners in planning the expenditure of the large amount of money necessary for the control of the pine beetle, it developed that this work might not be finished at the end of the fiscal year on June 30, 1922. It was decided by the representatives of the various departments of the Federal Government and the private owners that we should respectfully request you and Mr. McNary and Mr. Raker to amend your bills to make the appropriation continue past the end of the fiscal year, so that work may be carried on in this proejct if it is not completed in the spring of 1922.

We dislike to trouble you with this matter, but it seems to all of us very important thot there be no cessation of the work from lack of funds.

Thanking you for the deep interest you have taken and for your further attention to this matter, I am

Yours, very truly, J. F. KIMBALL.

Mr. SINNOTT. At Bend are located probably two of the largest mills in the State.

The CHAIRMAN. Is this disease peculiar to that locality?

Mr. SINNOTT. I do not know just how extensive it is.

The CHAIRMAN. Is it nation-wide?

Mr. SINNOTT. I have not heard of it in any other place except in Oregon and California and possibly in Washington.

Mr. KELLEY. Do they confine their operations just to the pine trees?

Mr. SINNOTT. I do not know, but think so. There are pine and fir trees in that country. However, the report of the Government expert is devoted to the pine-beetle infestation. Has that been put into the record?

The CHAIRMAN. We had a very comprehensive statement from Col. Greeley, which, I think, covered everything.

Mr. SINNOTT. I know it is a very serious matter, and the people in the various localities near the pine timber are very much wrought up over it.

Mr. WOOD. Is is destroying the lumber out there?

Mr. SINNOTT. That is the opinion of the experts who have examined into the matter. I suppose Col. Greeley told you about the necessity of starting their organization this fall?

The CHAIRMAN. Yes, sir.

Mr. KELLEY. When did it first make its appearance?

Mr. SINNOTT. I do not know how long it has been getting started. The first time I particularly heard of it was about a year or so ago.

Mr. WOOD. Col. Greeley stated yesterday that a good many years ago they first discovered it.

Mr. SINNOTT. I caught some kind of an insect, a bug, and wrote to the Forest Service about it a year or so ago. They told me what it was, but the first time my attention was drawn to the beetle was when I went out to this timber. I wondered why there were so many dead trees there.

The CHAIRMAN. You said that about one-fifth of the trees were dead?

Mr. SINNOTT. I do not know just how many. When I was up in that locality is seemed to me that every third or fourth tree was dead or dying.

The CHAIRMAN. If that is true, would any work that could be done preserve the forests there?

Mr. SINNOTT. It would prevent the spread.

Mr. KELLEY. To the other trees in that locality?

Mr. SINNOTT. Yes, sir. That was a place about 11 miles south of my town.

The CHAIRMAN. Your opinion is that something must be done?

Mr. SINNOTT. I think so; I think it is imperative, because it is going to spread rapidly if you don't check it.

Mr. WOOD. Have you ever seen this bug in operation?

Mr. SINNOTT. No; I have not.

The CHAIRMAN. We are very much obliged to you, Mr. Sinnott.

Mr. SINNOTT. I thank you very much, gentlemen.

(The letters referred to by Mr. Sinnott follow:)

OREGON STATE CHAMBER OF COMMERCE,
PORTLAND, OREG., *July 23, 1921.*

Hon. N. J. SINNOTT,
House of Representatives, Washington, D. C.

DEAR MR. SINNOTT: Subject: Pine beetle. I desire to call to your attention the importance of the bill now pending in Congress appropriating $150,000 to control insect depredations in timber owned and controlled by the United States.

I have special reference to the Klamath Falls section where the beetle is doing damage to timber owned by the Government, as well as that owned by private parties.

Your efforts in behalf of this bill will be greatly appreciated by the timber owners of this State, and you will also be rendering a great service to our Government in the preservation of this timber.

Yours, very truly,

GEORGE QUAYLE,
General Secretary.

WASHINGTON, D. C., *August 10, 1921.*

Hon. C. I. MCNARY, R. N. STANFIELD, N. J. SINNOTT.

GENTLEMEN: I inclose herewith copy of a resolution framed by the Klamath County Chamber of Commerce, and sent by organization at home. Some of the leading timbermen of Portland have advised our chamber that this case is one of moment, and merits serious consideration; that while the ravages of this pest are for the time mostly confined to Klamath County and a portion of northern California, if it is not checked, the loss is sure to cover a much broader field; that the property threatened in Klamath County is worthy of energetic effort to protect it; that in checking this disease, the private owner nor the State, combined or working separately, can do little if adjacent timber lands owned by the Government are infected and nothing is done thereon to check the beetles in such timber; that the cost to the Government is but a fraction of the value it will save of its own forests; that if the Government undertakes to withdraw and hold such forests, it is in duty bound to handle such properties in a reasonable and business-like manner where such necessity for cooperation as fire and insect protection as that presented in Klamath County develops, etc.

I attach to the copy of this resolution sent Representative Sinnott a clipping from a Klamath Falls paper, giving more detail of the situation.

My board of directors respectfully urges the most serious consideration of the Klamath appeal that may be practicable in this day of stringent economies in Government expenditures.

Sincerely yours,

W. D. F. DODSON,
Secretary of Portland Chamber of Commerce.

Whereas large areas of timber in Klamath County, southern Oregon and northern California, are being devastated by ravages of the pine beetle, entailing a cost of thousands of dollars annually; and

Whereas it appears from reports of the experts of the United States Forest Service and others who have recently made a survey and study and field examination that the condition of these forests will extend to timber now free from infestation and will seriously imperil one of the most important industries of Klamath County and of the State of Oregon; and

Whereas the United States owns and controls vast bodies of timber and forest reserve on the public domain and on the Indian reservations that joint action by the States, the United States, and private owners is necessary to eradicate the beetles infesting this timber and prevent the spread of insect infestation: Now, therefore, be it

Resolved, by the Klamath County Chamber of Comemrce, That this body heartily indorse and earnestly request the passage of the bill now pending in Congress providing for an emergency appropriation of $150,000 to control insect depredations in timber owned and controlled by the United States in conjunction with the efforts of the several States and of the private owners of timber; and be it further

Resolved, That copies of this resolution be sent to the Senators and Representatives of the State of Oregon in the Congress of the United States, and to those of the adjoining States, with the request that they use their earnest efforts to procure the passage of this measure at this present session of Congress.

By J. A. GORDON,
Vice President,
T. L. STANLEY,
Executive Secretary,
Klamath Chamber of Commerce, Oregon.

BEND COMMERCIAL CLUB,
BEND, OREG., *November 5, 1921.*

Hon. N. J. SINNOTT,
House of Representatives, Washington, D. C.

DEAR MR. SINNOTT: At the regular meeting of the board of directors yesterday the following resolutions were adopted:

"It has come to the attention of our Commercial Club that the ravages of the pine beetle are doing great damage to the standing timber of Oregon.

"The outstanding industry of this community is our lumber industry: Therefore be it

"*Resolved,* That we urge upon our Congressmen from this State to use every means possible to secure the passage of legislation, including appropriations, that will combat this growing menace: Be it further

"*Resolved,* That a copy of this resolution be sent to every Member of Congress from this State, to the newspapers in this community and Portland, and to other organizations directly interested in the preservation of our timber."

We will appreciate any information you can give us on the progress of the legislation above referred to. We believe this is one of the most important constructive things that is now pending, and the menace is such that prompt action is urged.

Very truly, yours,

L. ANTLES,
Secretary Bend Commercial Club.

WEDNESDAY, NOVEMBER 9, 1921.

OPERATION AND MANAGEMENT OF THE CENTER MARKET.

STATEMENTS OF MR. WELLS A. SHERMAN, ACTING CHIEF, BUREAU OF MARKETS AND CROP ESTIMATES, AND MR. I. C. FRANKLIN AND MR. C. W. KITCHEN, BUREAU OF MARKETS AND CROP ESTIMATES.

The CHAIRMAN. We have before us a law under which the Secretary of Agriculture is required to take over the Center Market and to perform certain functions. This item in the bill is to enable him to conform to that law and to enforce it. We should like to have you gentlemen who are now before us make a detailed and comprehensive statement as to just what the Secretary of Agriculture is required to do, what the organization involves, and what the functions of the organiation are.

Mr. SHERMAN. Mr. Chairman, in this case the Department of Agriculture is asked to take over a going institution, an organiation already in existence, fully manned and doing business every day, 365 days in the year, with a large pay roll, and earning dividends on its investment.

There are two gentlemen here, Mr. Franklin and Mr. Kitchen. Mr. Franklin is particularly conversant with cold-storage problems, and Mr. Kitchen, who has been one of the project leaders in the Bureau of Markets for several years, and who have been appointed a committee to make a study of the present situation in the Center Market, its present organization, its present income, and to prepare a plan for administration under the Department of Agriculture. I should like to ask them to go into the details, Mr. Franklin being particularly, as I stated, familiar with the mechanical and cold-storage conditions.

Of course, you realize that this is a large commercial cold-storage plant as well as a market property. It also has an amusement plant. That feature of it will have to be discontinued under Government operation. Se we face a decrease in revenue from the beginning, in that the concession to operate a part of it as a dance hall will have to be canceled. I think we will be able to show you that the Government expects, with reasonable confidence, to operate that property at a profit.

The CHAIRMAN. The Government owns the property now?

Mr. SHERMAN. The Government owns the land. The building was erected by the Center Market Co. many years ago under a charter or act of Congress, which, as I understand it, provided that after a given time the Government could, at its option, acquire the property by condemnation proceedings upon paying the appraised value of the improvements thereon, and that is what Congress has done by a recent act which provides that a commission shall be appointed to appraise this property, and, as I understand it, it provides an appropriation to defray the expenses of the commission. The commission has been appointed and has called upon the Center Market Co. to produce its evidence or take an inventory of the property preparatory to placing a valuation on it. As soon as they make

their report the title passes immediately, on behalf of the Government, to the Secretary of Agriculture.

The CHAIRMAN. Is there no appeal from the decision of this committee?

Mr. SHERMAN. Yes, sir; I understand that there may be an appeal to the courts, but the law provides that as soon as a decision is rendered by the commission 75 per cent of the award must be paid to the market company, and from that date they will have 60 days in which to determine whether they will accept the other 25 per cent or appeal to the courts. The Government has the same right of appeal, but the title and responsibility for the property passes as soon as the award is made.

The CHAIRMAN. When the title passes——

Mr. SHERMAN (interposing). Then the Secretary of Agriculture becomes responsible immediately.

The CHAIRMAN. Then the Government, under the Secretary of Agriculture, takes the place of the present owners?

Mr. SHERMAN. Yes, sir.

The CHAIRMAN. And leases it to the occupants or to the persons occupying space in the market?

Mr. SHERMAN. Yes, sir; we will have to operate the place.

The CHAIRMAN. We will not operate it in the sale and purchase of goods?

Mr. SHERMAN. Not in the sale and purchase of goods, but we will have to operate as lessors of cold-storage space and market space.

Mr. ANTHONY. Will the Government have to operate the cold-storage plant?

Mr. SHERMAN. The cold-storage plant is in the same building.

Mr. ANTHONY. Will the Government operate it?

Mr. SHERMAN. Yes, sir; we will have to.

Mr. ANTHONY. That is separate from the other part of the market?

Mr. SHERMAN. Yes, sir. The stand holders in the market have cold-storage places, and some of the large packing concerns have.

The CHAIRMAN. When was this commission appointed?

Mr. SHERMAN. About the 1st of October.

The CHAIRMAN. Of this year?

Mr. SHERMAN. Yes, sir. We can not tell just when the commission will report, for we can not tell just how long it will take them to make their valuation.

The CHAIRMAN. Are these gentlemen here members of the commission?

Mr. SHERMAN. No, sir; they were designated by the Department of Agriculture to act as the department's representatives.

The CHAIRMAN. Is it likely that this board or commission will report right away?

Mr. KITCHEN. They must complete their work in six months.

Mr. FRANKLIN. The chairman of the committee, Mr. Horn, told us that he was using every effort to expedite it.

The CHAIRMAN. You are not certain whether this activity will fall upon the Government before the annual appropriation bill comes up for consideration?

Mr. SHERMAN. No, sir; we are not; but certainly they must report before those funds will become available.

The CHAIRMAN. If they do not report for six months it it not likely that you will get any action before that time.

Mr. SHERMAN. The minute they report our responsibility begins.

Mr. SISSON. The funds carried by the next bill will not be available for use until next July.

Mr. SHERMAN. This commission was appointed in October, and they must report by April.

The CHAIRMAN. How many months do you provide for here?

Mr. FRANKLIN. Seven months.

The CHAIRMAN. If they do not report until the 1st of April or May you would not have over two months to run.

Mr. KITCHEN. They may report by the 1st of January.

The CHAIRMAN. They will have to move faster than any Government institution I know of, if they do.

Mr. SHERMAN. You must remember that this is not a Government institution, but they are business men called into this thing. There is not a Government employee on the commission.

Mr. ANTHONY. Are they local business men?

Mr. SHERMAN. No, sir; there is only one local man or resident of the District of Columbia. There is one gentleman from Delaware, and a cold-storage engineer, Mr. Franklin Horne, from New York.

The CHAIRMAN. This is submitted in contemplation of the completion of the work of the commission?

Mr. SHERMAN. The moment they report we become responsible, and at that minute we must begin to function by paying freight on incoming shipments consigned to the market company for cold storage, and all that sort of thing. The Government will have to do a great many things that it has never done before. Congress placed that obligation upon us.

Mr. SISSON. We have been bordering on socialism for a long time, but this is the first time we have actually embarked upon a scheme that is purely socialistic. This is as purely socialistic as anything ever engaged in by Lenin and Trotski. The only difference is that this is a small thing.

Mr. SHERMAN. We might say, however, that we could go further if we were to actually buy and sell stuff.

Mr. SISSON. This involves the renting of property for private use or benefit.

Mr. KELLEY. Does not the law require the Secretary of Agriculture to take some steps incident to this sort of transaction? It does not mean that the thing will go into effect automatically without some action on his part?

Mr. SHERMAN. I do not think the law requires the department to take any further steps. The Secretary has sent these gentlemen to inquire into the whole situation.

Mr. KELLEY. If the report were made in the middle of the month they would not be likely to take hold in the middle of the day, but they would have to procure possession. When the commission makes its report the Secretary of Agriculture would probably look over the report, and that would take some little time. In other words, it would not be necessary to do it at once.

Mr. SHERMAN. I presume the Secretary of Agriculture will have an opportunity to look over that report before it is made public, and the exact date of its submittal may be agreed upon.

Mr. KELLEY. It would be a matter of executive discretion?

Mr. SHERMAN. It would be within a matter of a few days or a few weeks, of course, but as soon as that report is made public, as I understand it, under the law the transfer is automatic.

Mr. SISSON. Have you used or are you using the $35,000 provided by section 6 of this act?

Mr. SHERMAN. That is not for ourselves, but that is for the commission.

Mr. SISSON. Is that money being used?

Mr. KITCHEN. It is being used now.

Mr. SISSON. Will this commission be a permanent institution?

Mr. FRANKLIN. No, sir; it lasts for six months.

Mr. SISSON. This is to pay the salaries of the commission?

Mr. FRANKLIN. Yes, sir; until they bring in the awards. This pays for their salaries, the court-reporting expenses, and any other expense that may be incurred. Records have to be made of every session.

Mr. KITCHEN. Section 2 covers the date when we take it over.

Mr. KELLEY. This reads:

Upon its payment to the said market company of an amount equal to 75 per cent of the amount of the award.

Mr. KITCHEN. "Which said payment shall be made upon the filing of the award by the commission." That makes it practically automatic.

Mr. BYRNS. Following up the suggestion of the Chairman, if an appropriation was made for, say, two months, to carry the work along, that would afford ample time for the department to come to Congress and get whatever additional amount might be needed to carry on the work during the balance of the fiscal year.

Mr. SHERMAN. If the committee prefers to consider it as two deficiency items instead of one.

Mr. BYRNS. There may be some doubt, and I expect a very reasonable doubt, as to when the commission will report. This commission might not report until in the spring.

Mr. SISSON. Suppose this commission takes the market over, there will be certain rentals for the use of space and income from other sources. It is contemplated by the commission that that fund shall go into the Treasury and that Congress shall appropriate for the administration of the market, or will that be a revolving fund?

Mr. SHERMAN. Congress made no provision in the law for a revolving fund, and, therefore, the income would go into the Treasury.

Mr. SISSON. It would be like any other income of the Government, and would be paid into the Treasury, and the activity would be appropriated for.

Mr. SHERMAN. Yes, sir.

The CHAIRMAN. You have some legislation here that provides for new rates, etc.

Mr. SHERMAN. That would be a matter for the Secretary.

The CHAIRMAN. It is a matter that requires legislation, and I do not think we have any jurisdiction over that.

Mr. KITCHEN. You refer to the increase of the rates from 10 cents to 20 cents. If you wish, I will explain that.

PERSONNEL OF COMMISSION.

The CHAIRMAN. Let us have the names of the members of the commission.

Mr. FRANKLIN. The members of the commission are Mr. Frank A. Horne, chairman. Mr. Horne is president of the Merchants Refrigerating Co. of New York and president of the American Association of Ice and Refrigeration. Another member is Mr. John A. Walker, of Hockessin, Del., and the other member is Mr. Louis Edison Dent, an attorney of the District of Columbia.

OPERATION OF COLD-STORAGE PLANT, ETC.

The CHAIRMAN. Tell us in as comprehensive a way as you can what we have obligated ourselves to do, what activities the Government is to engage in, what number of men will be needed to do this work and why, and what would be accomplished by it.

Mr. FRANKLIN. The Government has obligated itself to take over this property known as the Center Market, and in order that we may have a comprehensive view of it I would like to say that the property has the following outside measurements: Four hundred and ninety-eight feet on B Street and 204 feet on Seventh Street and Ninth Street, covering about two and a half acres. As to the Ninth Street wing, the first floor is a part of the market proper, containing stalls, and the second floor is a coliseum, which, after the secretary has been placed in charge, will be either used for office purposes or for an assembly room or auditorium. In the Seventh Street wing the first floor contains stalls for market uses; the second floor is used as offices of the market company, for a billiard and pool room, bowling alleys, and a restaurant. The billiard and pool room will probably be done away with and offices placed in there. The part bordering on B Street, between the Ninth and Seventh Street wings, consists of the market proper on the first floor, while the upper three floors are used for cold storage, in which there are maintained temperatures ranging from 3° below zero to about 38° above, depending upon the class of products stored.

The CHAIRMAN. Is that temperature created by artificial means?

Mr. FRANKLIN. By mechanical refrigeration. That cold-storage plant has a capacity of about 500,000 cubic feet. I would like to say that that is about half the capacity of the old Chicago cold storage, that you will remember, Mr. Chairman.

Mr. ANTHONY. When was this cold-storage plant built?

Mr. FRANKLIN. In 1886. If you desire it, we can give you later on an exact history of the market from its first inception, when it was a primative market in 1802, up until the time when it over by the market company, in 1872, under a charter, the building of the cold-storage plant in 1886.

Mr. ANTHONY. Is the cold-storage plant a modern and up-to-date one or is it an old plant?

The CHAIRMAN. It was built in 1886, he said.

Mr. ANTHONY. I wondered whether it was up to date. It may have been modernized.

Mr. FRANKLIN. In some respects it has been modernized, I will say in fairness to the plant. Of course, in 1886 that was about the beginning of the history of cold storage, and the insulation placed in the walls was chiefly sawdust or shavings. A great deal of that has been removed and cork insulation substituted. We are taking the statements of the chief engineer on that, and we did not dig into the walls to find out what was in there. I might say that the cold storage at times has had stored in it products to the value of $750,000.

The CHAIRMAN. What will be the obligation of the Government in respect to cold storage when we take the property over?

Mr. FRANKLIN. When we take the property over this is a part of the market and it is supposed that the Government would operate the cold storage for the convenience of the market people.

The CHAIRMAN. What would that involve in the way of expense?

Mr. FRANKLIN. That would involve expenditures for electric power, for fuel, for maintenance, for engineers, and for labor.

The CHAIRMAN. What else? There must be some other obligations. For example, if you wanted to ship there for cold storage, what obligation would there be on the part of the Government in the matter of expenditures?

Mr. FRANKLIN. If you shipped to the storage in all probability the Government would have to pay the advance charges for freight, as is the common usage when perishable stuff of that nature is shipped across the country. The shipper in Chicago, for instance, or some other western point never knows exactly where it will land and when he consigns it to a specific point he may divert it as the market may change, and, when that diversion comes on, the consignee will have to advance the freight.

The CHAIRMAN. That property can go into any cold-storage plant, can it?

Mr. FRANKLIN. Yes, sir.

The CHAIRMAN. Regardless of whether the cold-storage plant wants to take it or not?

Mr. FRANKLIN. They take it because the value of the goods will more than protect them against the advance for freight and storage charges.

The CHAIRMAN. Is the cold-storage plant one of the essential needs at this market in order to enable the Government to rent stalls to the people who occupy them?

Mr. FRANKLIN. It is not only an essential need to the Government, but it is an essential one to the public here, because we have no other cold-storage plant in the District of Columbia that carries freezing temperatures in which butter, poultry, frozen meats, frozen fish, and some other products can be placed.

The CHAIRMAN. After they take supplies into cold storage and pay the freight on those supplies when they come in, is there a special system of charges?

Mr. FRANKLIN. In the matter of rates for cold storage?

The CHAIRMAN. Yes.

Mr. FRANKLIN. They have established a system of rates now, but when it comes to the question of cold-storage rates we are considerably at sea. We have been working toward the development of a scientific basis for rates for cold storage, and we are just reaching that point with the American Warehousemen's Association where the rates can be based on the temperature needed and the space occupied. All those things are to be taken into consideration, but that has not come about yet. They have their rates that have been fixed by competition with storage houses in other places.

The CHAIRMAN. How much is the Government likely to have invested in freights at any one time?

Mr. KITCHEN. They have told us that they have advanced in freight and cartage charges as high as $15,000 at one time.

Mr. FRANKLIN. I want to say that in arriving at the estimates, we went into the books of the company and took whatever information we could get from them. I must admit that their cost systems were rather crude, but that is not a new matter in the cold-storage industry. That is another feature, the space-rate system, that we are trying to get away from. We are trying to get them to adopt a uniform cost-accounting system, by which they can justify any rate they charge.

EMPLOYEES—SALARIES.

Mr. ANTHONY. Is the classification of employees, with the rates of pay, enumerated here the same as the company now has?

Mr. KITCHEN. No, sir; the pay is less. For example, their general manager and president receives $7,500, and we are asking $4,500 for the superintendent, who will have a comparable position. They have a treasurer at $2,400, which position we are abolishing, and they have a superintendent at $3,600. We are asking for an assistant superintendent at $3,000.

Mr. ANTHONY. Is it a larger or smaller force than you are estimating for?

Mr. KITCHEN. They have 48 people on their pay roll and we are asking for 50. That is due to an increase in the watch force. We are putting on more watchmen, which we think is necessary because the Government does not carry insurance on the property.

Mr. FRANKLIN. Our total for wages and for salaries is about $8,000 less than the present pay roll of the market company.

The CHAIRMAN. Will you be kind enough to put into the record, in parallel columns, a statement showing the number of people, with the titles of the positions they are to occupy, as proposed by the Department of Agriculture, and the same information with respect to those that are now employed by the market company?

Mr. KITCHEN. We will insert that.

(The statement referred to is as follows:)

PERSONNEL.

Item.	Cost to market company.	Item.	Estimated cost to bureau.
ADMINISTRATIVE.			
General manager	$7,500.00	Superintendent	$4,500.00
Treasurer	2,400.00	This position to be abolished	
Superintendent	3,600.00	Assistant superintendent	3,000.00
Consulting engineer	4,800.00	This position abolished	
Chief engineer	3,120.00	Chief engineer	3,120.00
Auditor	2,750.00	Administrative assistant	2,740.00
Cashier accountant	2,750.00	Accountant	2,200.00
Bookkeeper	2,200.00	Administrative assistant	2,000.00
Clerk-stenographer	1,320.00	Clerk-stenographer	1,400.00
Warehouse foreman	2,400.00	Warehouse foreman	2,400.00
Head receiving clerk	2,100.00	Head receiving clerk	2,100.00
Assistant receiving clerk	1,620.00	Assistant receiving clerk	1,620.00
Night receiving clerk	1,200.00	Night receiving clerk	1,200.00
Elevator operator-janitor	1,248.00	Skilled laborer	1,200.00
		Clerk, first grade	1,200.00
Total	39,008.00	Total	28,680.00
ENGINE AND BOILER ROOMS.			
3 engineers ($2,184)	6,552.00	3 engineers ($2,160)	6,480.00
Engineer's helper	1,500.00	Engineer's helper	1,500.00
3 firemen ($1,638)	4,914.00	3 firemen ($1,620)	4,860.00
Total	12,966.00	Total	12,840.00
REPAIR SHOP.			
Tinner (55 cents per hour)	1,672.00	Tinner	1,680.00
Pipe fitter (90 cents per hour)	2,281.76	Pipe fitter-machinist	2,280.00
Helper (30 cents per hour)	912.60	Helper	900.00
Carpenter (75 cents per hour)	1,760.00	Carpenter	1,740.00
3 laborers (40 cents per hour)	3,650.00	3 laborers ($1,200)	3,600.00
Painter (62½ cents per hour)	1,800.00	Painter	1,800.00
Total	12,077.76	Total	12,000.00
COLD-STORAGE PLANT.			
Foreman of porters	1,304.00	Porter foreman	1,320.00
5 porters ($1,248)	6,240.00	5 porters ($1,200)	6,000.00
Elevator operator	1,248.00	Skilled laborer	1,200.00
Total	8,792.00	Total	8,520.00
MARKET.			
Head watchman	1,040.00	Head watchman	1,000.00
Watchman	884.00	6 watchmen	5,400.00
Do	936.00	Skilled laborer	1,000.00
Do	832.00	4 laborers ($840)	3,360.00
Chief sweeper	1,040.00	Laborer	840.00
4 sweepers ($884)	3,536.00	.....do	960.00
Rest-room attendant	858.00	Part-time laborer	143.00
Do	624.00		
Part-time attendant	143.00		
Total	9,898.00	Total	12,403.00

The CHAIRMAN. You say that you are putting in some more employees?

Mr. KITCHEN. They have 48 on their pay roll and we are asking for 50.

The CHAIRMAN. Why do you ask for 50?

Mr. KITCHEN. We are proposing to increase the number of watchmen.

The CHAIRMAN. Are you proposing to increase the pay of the men?

Mr. KITCHEN. No, sir; the pay is less. For example, their general manager and president gets $7,500, and we are asking $4,500 for a

superintendent who will fill a comparable position. They have a treasurer at $2,400, which position we are abolishing. They have a superintendent at $3,600, and we have an assistant superintendent at $3,000. They have a consulting engineer at $4,800, and we are abolishing that position. We are proposing to put in engineers, auditors, and bookkeepers at the same salaries.

Mr. BYRNS. Who is the president of this company?

Mr. KITCHEN. Mr. Frank Wilkins.

Mr. BYRNS. Does he give his entire time to the market business, or is he engaged in other business?

Mr. KITCHEN. His office is in the market building, but I think they are interested in other property. He is there at the office every day.

Mr. BYRNS. Does he give his constant attention to this market business here, or is he interested in other private affairs?

Mr. KITCHEN. I would say that this is his principal business.

Mr. BYRNS. I was wondering whether the superintendent they have down there now at $3,600 does not perform all of the duties of the superintendent that you are going to have there.

Mr. KITCHEN. No, sir; he does not have the responsibility of the financial end of the business, but Mr. Wilkins looks after that, and signs the negotiable receipts, etc.

The CHAIRMAN. How do the salaries you suggest compare with the salaries paid by the Government to persons occupying like positions in the Government service?

Mr. KITCHEN. The auditors, accountants, bookkeepers, and stenographers are listed at practically the same salaries as those paid in the Department of Agriculture. The superintendent at $4,500 would compare with a division leader in a bureau getting that same salary.

REVENUES AND OPERATING EXPENSES.

The CHAIRMAN. What is the revenue derived from this plant under the present management?

Mr. KITCHEN. Under the present management the total revenue will amount to about $258,000 a year.

The CHAIRMAN. Is it a profitable institution, or do they pay dividends?

Mr. ANTHONY. Do you know the gross figures for a year's operations?

Mr. KITCHEN. The gross income amounts to about $258,000, and their operating expenses will total about $136,000.

The CHAIRMAN. What does that include?

Mr. KITCHEN. That includes the pay roll, the cost of fuel and electricity, and the whole expense of operating.

The CHAIRMAN. Including taxes?

Mr. KITCHEN. No, sir.

The CHAIRMAN. And rents?

Mr. KITCHEN. Not rents and taxes.

Mr. FRANKLIN. They pay taxes in lieu of rent. There is a tax on the land.

Mr. KITCHEN. That can not exceed $13,000 a year.

The CHAIRMAN. They pay that?

Mr. KITCHEN. Yes, sir; of course, they have so

The CHAIRMAN. Is the interest on their bond issues a part of the $136,000 you have mentioned as the expense?

Mr. KITCHEN. No, sir.

The CHAIRMAN. How much does that amount to?

Mr. KITCHEN. I can not say as to that.

The CHAIRMAN. Why do you not have a complete statement to submit to us, showing the income and outgo of this business? It should have been easily arrived at.

Mr. FRANKLIN. We would not feel like asking that of the market company, because they might not want to give anything of that kind to us in advance of submitting it to the commission.

The CHAIRMAN. They must submit that to the commission.

Mr. FRANKLIN. Yes, sir; that is true.

Mr. BYRNS. Do I understand that the $13,000 is a part of the $136,000?

Mr. KITCHEN. No, sir; I do not understand it that way. That represents the actual operating expenses.

The CHAIRMAN. Do the operating expenses include any interest on the capital invested?

Mr. WOOD. Or anything for repairs?

Mr. KITCHEN. For repairs; yes, sir.

The CHAIRMAN. Does it include interest on the bonded debt?

Mr. KITCHEN. No, sir.

The CHAIRMAN. You have no idea how much that would amount to?

Mr. KITCHEN. I would not be prepared to make a statement of that now.

Washington Market Co., statement of operations for year 1920.

Gross receipts		$258,000.00
Operating expenses:		
Salaries and wages, general and office	$39,008.00	
Salaries and wages, other	43,728.76	
Fuel	13,609.48	
Electricity (power and light)	21,887.21	
Oil, lubricating	573.21	
Waste	136.74	
Ammonia	1,534.64	
Calcium chlorid	1,939.93	
Sawdust	40.40	
Water	2,243.66	
Repairs	1,841.74	
Painting	300.00	
Telephone and telegraph	654.02	
Miscellaneous supplies	8,414.47	
Small tools	114.27	
Lamp replacements	684.47	
Ice purchases	2,500.00	
Electrical supplies	2,000.00	
Garbage collections	2,860.00	
Taxes	33,080.00	
		177,151.00
Net income from operations		80,849.00
Deductions from income: Interest on bonds ($280,000 at 5 per cent)		14,000.00
Net earnings for year		66,849.00
Less dividend (5 per cent on $1,000,000 common stock)		50,000.00
Surplus for year		16,849.00

Mr. ANTHONY. You have put in figures here for a seven months' budget from December 1, 1921, to June 30, 1922, of $141,000, and yet you say that the cost of operation for last year was $136,000?

Mr. KITCHEN. True, but we are asking for $30,000 to make some improvements.

Mr. ANTHONY. $30,000 of this $141,000 for repairs?

Mr. KITCHEN. Yes.

Mr. ANTHONY. That makes the figures even worse, because you say that the Washington Market Co. operated it for $136,000 for an entire year, including repairs, and deducting the $30,000 you are asking for repairs you would be requesting $111,000 to run it for seven months.

Mr. KITCHEN. You may deduct $15,000 there also for the advancement of freight, which is not an actual expense, but you see we have to have that because if we pay out freight it goes against our appropriation, although it would not be actually an expense to the Government.

ESTIMATED COST OF OPERATION OF MARKET.

Mr. ANTHONY. What do you figure it is going to cost the Government to operate the market for one full year?

Mr. KITCHEN. If we did not make any improvements, I would say we could operate it for the same amount that they do.

Mr. ANTHONY. $136,000?

Mr. KITCHEN. Yes; but we propose to make some improvements and repairs down there, and I think any of you gentlemen who have been there will see the necessity for them.

The CHAIRMAN. Is it contemplated on the part of the Secretary of Agriculture when this institution is taken over to pay any attention to the amount of money invested by the Government in the calculation of the expenses or is it simply proposed to be run as Government institutions are generally run, paying the bills out of the Treasury and taking no account of the cost or of interest on investment or repairs or depreciation?

Mr. KITCHEN. I can not speak for the Secretary, because his policy has not been announced, but I should say, personally, if the Government did not plan to make a reasonable return on the amount of they award they will be running the business at a loss.

Mr. FRANKLIN. And not only running it at a loss, but it is our personal opinion that it would be unfair to any competitive business in other cities near by.

The CHAIRMAN. Your idea is that the Government is not going to undertake to put this going concern on a business basis, is that it?

Mr. FRANKLIN. Our idea is that they should. If they can not, we had better not try it.

The CHAIRMAN. Do you know whether that is the plan or not?

Mr. FRANKLIN. There has been no policy laid down by the Secretary.

Mr. SISSON. The practical side of this matter as a Government institution is that nobody connected with it is interested in making a dollar of profit, and the Federal Treasury is open to them, and there is a continuous complaint on the part of the renters that th

too high, and they are backed up by the public who want cheap products. There is every inducement to levy upon the Federal Treasury whatever loss there may be, and there is no incentive to make a dollar, just so you get your salary. That has been universally true so far as my observation is concerned of every Government-managed institution. Now, this is a difficulty that some one ought to answer, and I do not know whom we will get unless we get the Secretary of Agriculture here—suppose you do a general market business, and there is a consignment of perishable stuff, which we will say leaves Florida destined for some other point, but in transit the shipper finds he has a better market at Washington and in transit he orders it stopped here at Washington. How much money will this committee have to appropriate to take care of that? If this money goes into the Treasury and we make the appropriation, we will at once see a flock of difficulties that will come in the way of managing this institution unless you have a revolving fund, and a revolving fund, of course, means opportunity for fraud and all sorts of scandal connected with it. Therefore, I do not believe the Government, and I am now simply speaking for myself—I would not permit a revolving fund at all. You might have a small fund down there just for this purpose, but there is a perfect flock of difficulties that crowd themselves in here, and I want also to show you another difficulty which I want somebody to explain before I vote to appropriate the money. A controversy arises between a shipper and this market concern. The Government can not be sued, and therefore you have to have a commission of some kind created down there to hear complaints and have the Government do the just and fair thing. Now, this committee before we make the appropriation ought to have a bird's-eye view of how this money is going to be used. We may not be able to get that now, but the Secretary of Agriculture, along with the information you gentlemen give, ought to be here to give some information as to where we are going, or to use Tom Watson's expression, "Where we are at."

Mr. KITCHEN. I think I can answer your inquiry about the shipment from Florida. We realize that if we advance freight it is impossible to anticipate what that will amount to. So we have asked you here to set up $15,000 from which we can make such payments, to be reexpendable, and turnover in that small amount each year. We do not see how it can be handled in any other way.

Mr. BYRNS. When you take that $15,000 that you asked for the purpose indicated, and you also take the $30,000 that you ask for repairs, that leaves $96,000 that you are asking for seven months which at the rate of $13,700 a month or for the entire year $164,400, notwithstanding the fact that you say the market is now being operated for $136,000, which includes repairs, under private management.

Mr. KITCHEN. Of course, the repairs they are making now are very minor.

Mr. BYRNS. Then eliminate the repairs entirely, you are asking for an appropriation at the rate of $164,400 for the entire year.

Mr. KITCHEN. There is also additional money—I cannot give you the exact figure—which we returned to the Government from this estimate.

ESTIMATED RECEIPTS FROM RENTAL OF STALLS, COLD-STORAGE PLANT, ETC.

The CHAIRMAN. In that connection, have you made any estimate of the amount you are likely to receive for the rental of space and from storage and from other sources, and what the revenue now is under private management.

Mr. KITCHEN. I have a short statement here I can read to you if you wish. We have a summary of receipts. Receipts from the market which means the renting of stalls, $76,518.

The CHAIRMAN. They are the receipts under the present management?

Mr. KITCHEN. Yes. Receipts from cold storage, that is, products placed in cold storage, $68,915.11; receipts from cold storage and refrigeration, that is, where they furnish refrigeration through pipe lines, $60,918.68; receipts, miscellaneous, $52,454.11. Now, that miscellaneous is rent for the restaurant, and the amusement company and things of that sort. Also in that item of miscellaneous receipts, they get a quantity rate from the power company on their electric current and they bill that out to these tenants, and make a profit on that; also they charge the tenants for any repairs they make for them. Of course, that will come out from this appropriation, you see.

Mr. ANTHONY. Does all of that income go direct into the Treasury?

Mr. KITCHEN. It will go direct into the Treasury.

Mr. ANTHONY. So all the money you will receive from the operation of the market will go into the Treasury?

Mr. KITCHEN. The appropriation of this $140,000 does not mean that it will actually be a draft on the Treasury for that full amount.

Mr. ANTHONY. Why not?

Mr. KITCHEN. For instance, we hire a carpenter and a tinner and they make repairs for the tenants; we pay their salary out of the appropriation, but we charge the tenants for the repairs.

The CHAIRMAN. Have you made any estimate of what you will receive? You have given us what the other people do receive.

Mr. KITCHEN. We are hopeful of keeping the present income up.

The CHAIRMAN. You have not made up any system of charges for space?

Mr. KITCHEN. We expect to continue the present rates until we can do otherwise.

Mr. SISSON. Is the present rate a reasonable rate?

Mr. FRANKLIN. There is no protest down there against it.

Mr. KELLEY. When you take this plant over will all of your employees be civil-service employees?

Mr. KITCHEN. Yes.

Mr. KELLEY. And will be entitled to a month's vacation on pay; how much extra will that cost?

Mr. KITCHEN. We have taken that into consideration in our estimates.

Mr. KELLEY. Does that partly explain the discrepancy mentioned by Mr. Byrns?

Mr. KITCHEN. That will take care of some of it.

Mr. ANTHONY. Will all of the employees be under the civil service?

Mr. KITCHEN. We have asked you to allow us to take them over and carry them for six months without reference to the civil service.

Mr. ANTHONY. Does the bill require them to be taken from the civil service or incorporated in the civil service?

Mr. WOOD. The general law requires that.

Mr. ANTHONY. How does the general law apply to the present employees you have there? Unless those men can qualify under the civil service would they lose their jobs?

Mr. KITCHEN. My understanding is that when the Government takes over anything outside they can be automatically blanketed into the civil service.

Mr. ANTHONY. By an Executive order?

Mr. FRANKLIN. That is, of course, provided they are efficient men and capable and physically able to carry on the work.

Mr. BYRNS. I think the President can put anybody in the civil service under an Executive order.

Mr. FRANKLIN. Yes.

Mr. KITCHEN. Finishing my statement with reference to the receipts, I want to say that the total of those receipts amounts to $258,815, which under our present estimates shows a profit of $56,955.

The CHAIRMAN. That does not take into account any interest charges?

Mr. KITCHEN. No; it does not.

The CHAIRMAN. And no dividends or overhead charges for bonded debts or any taxes?

Mr. KITCHEN. No.

The CHAIRMAN. You are not charging up the various things these other people are required to pay?

Mr. KITCHEN. We are simply giving you the cost of operating the market.

The CHAIRMAN. That is, considering the property as of no value?

Mr. KITCHEN. That is the way these figures are made; yes.

The CHAIRMAN. Do you know what the policy of the administration is to be in connection with the operation as to charges for capital invested and taxes and all that sort of thing in the management of this institution, or has any policy been decided upon?

Mr. SHERMAN. The Secretary has laid down no policy, and I may say that the Center Market Co. have contended for years past that the property was not a money-making property. Of course, that has been energetically denied here in the House in the discussion of the matter, but the Center Market Co. have insisted for years past that it was not a profitable property, and I understand that they are very willing to unload it under the terms of this bill. They ceased to oppose this measure after it got into this form. We do not know what valuation the Government will be required to pay. It may be utterly impossible to show any sort of a profit if you charge up interest on the investment on the basis of what this valuation commission may require the Government to pay for the property. We are utterly at sea, and we do not know what we will have to pay for it.

The CHAIRMAN. But if we are going into a business, it ought to be entered upon just like any other business, and every expense should be taken into account and the business ought to be put on its merit and not simply say that you are making money because you only pay out so much in salaries and turning back so much into the

Treasury of the United States, and therefore the institution is profitable.

Mr. SHERMAN. My impression is all we will ever be able to say is that the receipts are so much more than the expenditures, which constitutes whatever percentage it may be, whether it is 2 per cent or 10 per cent, on the value of the property.

Mr. SISSON. In the very nature of things that is practically what always occurs when the Government operates anything. I think you are right about it, and in the last analysis that is just what you are going to do.

Mr. SHERMAN. Mr. Chairman, may I make a statement and leave it to your judgment as to whether it remains in the record or not? There are some of us in the Department of Agriculture who have given our entire lives to that service. Speaking for myself, I have never had one dollar of my own which I was at liberty to spend without thinking twice as to whether it should go for the specific purpose for which it was spent, and there are some of us conscientious enough to spend the Government money in the same way. To-day in discussing the future-trading item the question has come up as to why the Secretary of Agriculture can not put somebody he already has on that work. Every man I have in my division is paid out of an appropriation which is made for a specific line of work, and I can not put a man on that fund that is not engaged on that specific work. The very nature of our organization and the very nature of the appropriations you give us from year to year make it absolutely necessary that when you unload a new duty upon us you appropriate for an additional organization; and three times since the armistice was signed the order has come from the Secretary's office—and we have usually anticipated it—to go over our force in order to show what everybody was doing and show how much of the war expansion could be cut out. We have religiously cut it out, and when the same request was made under this present administration and under the Bureau of the Budget we were able to go right straight down the list and show that we have not a single man whom we could spare. We have reduced the force right straight along as war-emergency activities have been dropped off and there absolutely is not one spare man in the fruit and vegetable division, for which I am permanently responsible, that could be turned over to a new activity, and it could not be legally done and his salary continued where he is now.

The CHAIRMAN. Anyway, I presume they would not be qualified to enter upon the duties under this activity, because they are not familiar with management of this sort?

Mr. SHERMAN. Well, I venture to say we could furnish a superintendent for that market.

The CHAIRMAN. Yes; probably so.

Mr. SHERMAN (continuing). Who is accustomed to handling large quantities of public money and seeing that the funds are judiciously expended, and he would handle it better than any man you could get from the outside. I will undertake to detail one of my subordinates to manage that Center Market, and incidentally I may say that I made my own living at the Center Market for many years before I entered the Government service, when I farmed over in Virginia and sold my products there. Some of us have a personal and a

business interest in the department, and we know that there is no credit in merely spending Government money.

Mr. SISSON. The great trouble about that is that, while you may have that opinion, your life is an uncertainty, and the exceptions do not make the rule. I believe for the last 12 or 14 years we have had our friends from the departments before this committee, and I have not yet found a single department of the Government that had not cut to the bone; is not that the expression used?

Mr. WOOD. Yes; they all state that and at the same time they all admit that we have too many people employed here, but state that the reduction ought to be in the other fellow's yard and not in theirs.

Mr. SHERMAN. We have one activity in our division which we have been asked to make as near self-supporting as possible through a system of fees, and that is the inspection service. Congress has limited us and put restrictions on the service which prevent it from being as nearly self-supporting as it might be, but, starting with nothing, last year with an appropriation of $141,700 we have turned back into the Treasury $98,928.29 of fees and every year we are approaching self-support under limitations which we have for three years asked you gentlemen to remove and for three years the matter has gotten lost in the shuffle.

The CHAIRMAN. I wish you would look at the language of this item on page 24 and see whether or not you have too much language in there. Why would it not be well to eliminate everything after the word "alterations" on the eleventh line, because if the law, as it does, authorizes all these things, there is no sense in carrying a lot of this language in the appropriation, first, because the question will be raised as to whether it is legislation or not, and next if they have the power to do all this under the act itself, there is no use in having this language.

Mr. FRANKLIN. Would you not have to have something in there to give us the authority to make charges?

The CHAIRMAN. Does not the law give you the right to do that?

Mr. FRANKLIN. No; we do not think it does.

Mr. KITCHEN. All the authority we have under the law is in section 2.

The CHAIRMAN (reading). "The Secretary is hereby empowered to make and enforce such rules and regulations for the management and control of the said property which he may deem best for the enforcement of the provisions of the act." That gives him the power to do it?

Mr. SISSON. But, Mr. Chairman, if you will notice a little further down there from the point you indicated a moment ago, beginning with the language, "to provide a fund for the payment of freight, express, drayage, and other charges," that is clearly legislation. The balance of it might be squeezed in under some provision of this other act, but that could not be.

The CHAIRMAN. I do not think it is necessary to put it in, because I think the Secretary has all the necessary power under the language of the act.

Mr. SISSON (reading). "To be reimbursed by any person for whose account any such expenditure may be made." I think that might be done under the act, although I would not say positively, but I do not think the next provision would be covered by the act.

Mr. SHERMAN. You understand it could be maintained that that is not necessary to the operation of the property, and yet since this property has to be operated in competition with other commercial cold storages we must do as they do.

The CHAIRMAN. It is necessary to the operation of the cold storage, and, of course, the cold-storage plant is a part of the building and is covered by the act, and my judgment is that the language here that the Secretary of Agriculture is hereby empowered and directed to make and enforce such rules and regulations for the management and control of the property as he may deem proper," gives him all the authority he needs under the act.

Mr. SISSON. But that will not enable him to get any revolving fund out of the Treasury to pay the freight on this stuff that comes in.

The CHAIRMAN. Well, we will take that up when we reach it. I do not think we ought to put legislation into this act anyway, even if it involves a revolving fund.

I think the proviso on page 25 is clearly legislation over which we have no jurisdiction. That ought to be taken up by the Committee on Agriculture, if it is to be taken up at all.

Mr. FRANKLIN. The same sort of item was passed on an appropriation bill for the District in reference to the Haskell Market, and these rates are simply bringing them up and making them comparable with the rates in the Haskell Market.

The CHAIRMAN. When was that passed?

Mr. KITCHEN. I do not know when that was.

Mr. BYRNS. What was the rate in that resolution?

Mr. KITCHEN. Twenty cents a day on each wagon.

ACT FIXING BOUNDARIES OF MARKET SPACE.

The CHAIRMAN. The act of February 20, 1897, provides "that the provisions of the ordinance of the city of Washington approved May 27, 1857, requiring the clerks of the several markets to lay off and mark in convenient spaces the several pavements adjoining and bordering on the market squares, which spaces may be used for the sale or exposure for sale of vegetables or other country produce, and extending the powers of the clerks to 15 feet of the streets, measuring from the curb line on which said squares front, shall apply to the south front of Center Market, and to a clerk who may be designated by the Commissioners of the District of Columbia; that the law passed in 1871 by the District Legislative Assembly exempting from license persons bringing marketing to the District shall be and remain in full force; and that the said ordinance and law shall be applicable to farmers and truckmen raising produce, doing business on the north side of B Street, north along the south front of the Center Market in said city of Washington: *Provided*, That nothing in this resolution shall be construed as extending the boundaries of the grounds occupied by the Washington Market Co." and so forth.

Now, this is the ordinance or the law that is proposed to be amended by this provision and we can not take that into consideration in this committee.

Mr. ANTHONY. Why could not that be covered by a rule or regulation?

The CHAIRMAN. The Secretary could not do that because that would be an amendment of an act.

Mr. BYRNS. Does that resolution fix the rate?

Mr. KITCHEN. Yes.

Mr. BYRNS. What rate does it fix?

Mr. KITCHEN. Ten and fifteen cents.

The CHAIRMAN. And this is an amendment to that. Of course, we have not any jurisdiction over that.

Mr. SHERMAN. I understand it is costing more than that amount to clean the space up, and the point is that it is not self-sustaining.

The CHAIRMAN. You will have to go before another committee and get authority to do that.

Mr. ANTHONY. If the Government is going to operate a market, the Secretary of Agriculture ought to have blanket authority to cover all those things by rules and regulations.

The CHAIRMAN. He certainly should, and I rather think he has such power except that he has not authority, of course, to repeal that act. The space outside is not considered a part of the market, is it?

Mr. FRANKLIN. I do not know.

Mr. KELLEY. Who controls it now?

Mr. FRANKLIN. The District Commissioners control it, but they appoint a clerk under this resolution which Mr. Madden just read. They appoint a clerk in the market to police it.

The CHAIRMAN. It is a part of the street and, of course, it will be under the District Commissioners, I assume, and the matter ought therefore to go to the District Committee, I presume, and not to the Committee on Agriculture. You can not turn this activity over to the Secretary of Agriculture. This is a part of the management of the city of Washington and is outside the building line, and they must be responsible for regulating the traffic on the street.

Mr. SISSON. Except in exceptional cases, Mr. Chairman. Of course, Congress would have the right to give jurisdiction of any portion of the city to the Secretary of Agriculture that was necessary in the management of this market.

The CHAIRMAN. That would not be very good practice, would it?

Mr. SISSON. I do not know. It might be the best practice to follow for market purposes.

Mr. SHERMAN. You understand the Center Market Co. has always fought bitterly any effort to take the farmers off that street. It has been proposed repeatedly that the farmers be taken away from the south side of Center Market, but the theory is that the farmers attract so much trade that they make the stalls inside more desirable than they would be if the farmers were not there, so the Center Market Co. has been glad to have them remain on the streets adjoining this property.

WEDNESDAY, NOVEMBER 9, 1921.

ENFORCEMENT OF FUTURE TRADING ACT.

STATEMENTS OF HON. J. N. TINCHER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KANSAS, AND MR. H. F. FITTS, ASSISTANT IN REGULATORY WORK, DEPARTMENT OF AGRICULTURE.

The CHAIRMAN. "Enforcement of the future trading act: To enable the Secretary of Agriculture to carry into effect the provisions of the future trading act, approved August 24, 1921, $50,000."

If there is anyone here who would like to make a statement as to this item we will be delighted to hear him.

Mr. TINCHER. Mr. Chairman, this law takes effect the 24th of December next, and the Secretary of Agriculture has outlined his plan for the enforcement of it. I am glad there is a deficiency appropriation bill coming up at this time, because it is very necessary that the Secretary have money to enforce the law. In order to call the committee's attention to the importance of the enforcement of this law, I want to state that within the last 10 days there has been a concerted movement among certain members of the exchanges to depress the wheat market, and they circulated a report over the signature of certain members of exchanges that there was exactly ten times the amount of wheat at the Galveston port for export that was actually there, and they depressed the price of wheat, by that message which was sent generally to various markets, 7 cents a bushel that day. That is one of the evils of the exchanges that this bill is supposed to cure. In other words, it makes the sending of that kind of a message a felony on the part of the party who sends it and forfeits his right to trade upon the boards of trade, and in that way insures correct market reports.

The CHAIRMAN. Do you think the appropriation enabling the Secretary of Agriculture to enforce the act will obviate things of that sort?

Mr. TINCHER. This is one thing I know it will obviate, because that is one thing we deal directly with in the bill.

The CHAIRMAN. I notice there was some question about the constitutionality of this law raised, but the court in Chicago has just decided that it is constitutional.

Mr. TINCHER. One member of the Chicago Board of Trade brought the action in Judge Landis's court.

Mr. WOOD. Was there not also a suit brought in Kansas City?

Mr. TINCHER. Not involving this law. That was in reference to a Missouri State statute which is similar to this. The exchanges at Kansas City and Chicago both held conferences with their counsel and went into the matter thoroughly and decided, so far as they were concerned, they would not test the constitutionality of it, thinking it was constitutional.

The CHAIRMAN. Have you anything further to say, Mr. Tincher?

Mr. TINCHER. I am a little surprised at the amount of the appropriation. I had supposed they would ask for more money. I believe the Secretary has gone into the matter.

Mr. WOOD. Just on that point, it was stated during the argument on this bill that this was one instrumentality of the Government that was not going to cost us anything because there was plenty of machinery in the Department of Agriculture already to enforce this act without the appropriation of any money.

Mr. TINCHER. I do not recall that being said. I think I said more than anyone else, probably, during the consideration of it, and I remember that the gentleman from Illinois [Mr. McKenzie] asked me what it would cost a year to enforce it and I told him I thought $200,000 a year. This is based upon an appropriation of $100,000 a year.

Mr. WOOD. I thought it would be almost a paradox if anything that the Government had to do with could get by without costing somebody something.

Mr. TINCHER. Of course, I think this one depression of 7 cents a bushel by a false market report cost the farmers in my district more than it will cost to enforce this law for the six months, and was really an unfair manipulation of the market and did not do any legitimate trader any good and is not approved by the legitimate boards of trade themselves.

DUTIES.

The CHAIRMAN. Mr. Fitts, will you be kind enough to tell the committee what the Secretary of Agriculture is required to do under this act?

Mr. FITTS. This law, as you probably know, provides for the taxing of grain involved in contracts for future delivery, with certain exceptions, the principal exception being if done by or through a board of trade or a member of a board of trade which has been designated by the Secretary of Agriculture as a contract market. In order to procure that designation by the Secretary as a contract market, certain conditions must be met by the boards of trade, and these are enumerated in the act. They are that they must furnish certain reports, which are deemed necessary by the Secretary, in order that he may know the trend of business, and be generally informed; that they shall prevent the dissemination of false and misleading or inaccurate information which might tend to affect the price of commodities; and that they shall prevent the manipulation of prices or the cornering of grain. Those are the principal conditions.

The CHAIRMAN. What are your duties under the act?

Mr. FITTS. I should have explained that Mr. Morrill, who is assistant to the Secretary, has been designated in charge of the enforcement of this act and intended to appear before the committee and explain it fully, but, unfortunately, he is now in the West on some other hearings, and I will endeavor to go into the matter.

The CHAIRMAN. Just tell us in your own way just what you have to do.

Mr. FITTS. This act was passed on August 24 and is effective four months from date. It will therefore be in force on December 24. On that date all dealings in grain futures are taxable unless the business is transacted at a board of trade which has been designated as a contract market by the Secretary. The boards of trade must apply to the Secretary for designation as contract markets, meeting the condi-

tions which are specified in the law. Of course, it will take some time to receive such applications and pass upon them. The Secretary then will designate the board as a contract market, provided it has met the provisions of the law.

The CHAIRMAN. Is it within the power of the Secretary to suspend a board of trade after he designates it?

Mr. FITTS. There is a commission provided for in the law composed of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General, which, after hearing in proper form, has the power to revoke the designation of a contract market. That is subject to review by the court, however.

The CHAIRMAN. After designation what jurisdiction has the Secretary and what are his functions?

Mr. FITTS. In order to procure the requisite information, to see that no false or misleading information is disseminated or that manipulation is not practiced, it is necessary to have employees of the department on the ground to keep in touch with the situation and to procure data of importance as a result of close contact with the future exchanges.

The CHAIRMAN. Do you require the boards of trade designated to make these reports?

Mr. FITTS. Yes; it is required in the law that the boards of trade shall provide for the furnishing daily of reports of all transactions, or that they shall be kept available for the information of the Secretary or his representative.

The CHAIRMAN. Where do they send them?

Mr. FITTS. The provision is that they shall be kept available for the Secretary for a period of three years, or longer if the Secretary shall so direct.

The CHAIRMAN. So that the person designated by the Secretary to be on the ground will have access to them all the time.

Mr. FITTS. Yes, sir; the Secretary or his representative. I might say there are six so-called future markets, the principal one being Chicago. The other places are Milwaukee, Minneapolis, Duluth, Kansas City, and St. Louis. They will be the markets concerned. However, at Milwaukee there is an insignificant amount of trading done, and it is not contemplated at this time to take care of that market except from Chicago. If conditions are found to be such that it requires some attention, that can be arranged I might say that in going over these estimates they have been revised, to my knowledge a couple of times, and have been cut, I think, right to the bone, providing only for the minimum force in Washington and at these markets.

Mr. BYRNS. Who cut them, the Budget Bureau, or were they cut in the department?

Mr. FITTS. They were cut right in the department. Mr. Morrill and the Secretary went over them.

Mr. BYRNS. This is the original amount submitted to the Budget Bureau?

Mr. FITTS. Yes, sir.

Mr. ANTHONY. Is there any revenue to come from the operations under this act?

Mr. FITTS. No, sir.

The CHAIRMAN. Have you covered all of the activities required of the department?

Mr. FITTS. No, sir.

The CHAIRMAN. We should like to have you cover them first.

Mr. FITTS. There is one other point. Section 9 covers the broader aspect of grain marketing. It provides that the Secretary of Agriculture shall investigate marketing conditions of grain and grain products, and by-products, including supply and demand for these commodities, cost to the consumer, and handling and transportation charges; and that he shall also furnish information to producers, consumers and distributors. That covers the situation generally. The Secretary will send men to the markets in order that they may become familiar with the existing conditions and furnish information which will serve as the basis for possible further investigation or action. As I understand it, this estimate simply covers the necessary regulatory work at the markets contemplated by the law, and under it will be collected and assembled the information deemed worthy of careful scrutiny and consideration.

The CHAIRMAN. I presume that he has, in his regular annual estimates, made calculation for the other activities?

Mr. FITTS. I am not certain just how far he has gone. That estimate also has been submitted for the next year.

The CHAIRMAN. I know.

Mr. FITTS. But in the present estimate that is not included. These men will go into that as they can in connection with their other duties. This is merely the basis for starting the work, and they can determine later just how far it is necessary or advisable to go into the other phases. There is a very small force in Washington.

ORGANIZATION.

The CHAIRMAN. Will you be kind enough to tell us just how you arrived at the estimate, what the form of the organization will be, how many of the men designated will be in Washington, and how many elsewhere?

Mr. FITTS. I was about to say that in Washington it provides for the administrator and his assistant, as well as for an economist and an examiner, and five clerks, who will handle the business as it comes in from all the markets. At Chicago, the principal market, there will be a market supervisor and his assistant, an accountant or statistician, and a clerk. That office also will handle Milwaukee. At Minneapolis there will be a market supervisor and an assistant, practically the same as at Chicago, and there will be at the start a clerk assigned to Duluth to handle the business, it not being a very large market.

Mr. ANTHONY. What is the need of the statisticians?

Mr. FITTS. They are to work up the information which is procured.

Mr. ANTHONY. Have you not a large number of statisticians in the Department of Agriculture?

Mr. FITTS. They are all engaged on other work.

Mr. ANTHONY. It is all correlated, is it not?

Mr. FITTS. They all have their work to do, and provision is made for them in connection with the various lines of work required.

Mr. ANTHONY. All the statistics which you gather have to conform with the law?

Mr. FITTS. I imagine there will be very many statistics collected which it will be necessary to get together and consider.

Mr. ANTHONY. You are concerned in the administration of the law, the violations of the law. Why do you have to compile statistics?

Mr. FITTS. In the reports which are issued by the exchanges or the members there probably will be a great deal of information which will have to be considered to see whether there is anything which is in violation of the law.

The CHAIRMAN. These men will have to analyze them?

Mr. FITTS. They will have to analyze the material which will be collected.

The CHAIRMAN. And then formulate it?

Mr. FITTS. Formulate it into some comprehensive form.

Mr. WOOD. Why is it necessary with this new office to have an administrator in charge and an assistant in charge here in Washington?

Mr. FITTS. This is purely tentative. What the future requirements will be I can not, of course, say at this time.

Mr. WOOD. I suppose it has grown out of the practice that every chief has to have an assistant. Is not that about it?

Mr. FITTS. I can say that I understand the Secretary's attitude, and it would be his idea not to carry any more employees than necessary.

Mr. WOOD. But you do not know whether or not it will be necessary?

Mr. FITTS. This is entirely new; it is merely the groundwork.

The CHAIRMAN. You are simply making a tentative statement of how you arrived at the $50,000?

Mr. FITTS. Yes, sir.

The CHAIRMAN. You do not know whether this will be the organization or not?

Mr. FITTS. Yes; this will be the organization at the start. It may be the permanent organization and it may not be necessary to have anybody else. On the other hand, it may be necessary, as we become familiar with the transactions on the market and see what develops and transpires, to increase the force.

The CHAIRMAN. How do the salaries carried here compare with the salaries for similar services elsewhere?

Mr. FITTS. These salaries are comparable, I think, to other employees in the department. There is always difficulty, of course, in getting men who are familiar with particular trade practices at salaries usually paid by the Government.

Mr. WOOD. The amount you are paying the assistant in charge is just the amount paid the Assistant Secretary of Agriculture?

Mr. FITTS. Yes, sir.

The CHAIRMAN. Do you anticipate that this organization will be materially enlarged after you get into the work or do you expect to be able to continue the enforcement of the act with the number of employees enumerated?

Mr. FITTS. I should imagine——

The CHAIRMAN (interposing). Section 9 is not incorporated in this activity?

Mr. FITTS. No, sir. These people will handle the regulatory end of it—will cover that generally. As to how that will develop, I do not know. It will depend upon what information is procured, the suggestions we receive on it, or the importance of the further development of this phase of the situation.

Mr. WOOD. How many market superivsors are to be located here?

Mr. FITTS. There will be none here. These are really grain exchange supervisors. They call them market supervisors. There will be one at Chicago and one at Minneapolis. They will each have an assistant, with a statistician. At Kansas City there will be simply the market supervisor, it being a smaller market.

The CHAIRMAN. Do you need these economists, or have you not a lot of economists in the department who could work out the problems?

Mr. FITTS. As I have said, they have not gone into that yet. That was the organization which they thought would be necessary to start with. As they get into the work——

The CHAIRMAN (interposing). What would be the economist's duties?

Mr. FITTS. I believe he would consider all of the information which was secured and would go into the broader phase of the future exchanges and problems incident thereto.

The CHAIRMAN. Of course, we realize that this is a new activity, and we are looking for information and we want you to give us what information you can.

Mr. FITTS. All I can say is that generally they believe a man like that will be needed to consider the question in its broader aspects.

The CHAIRMAN. Do you think that you ought to have a specialist on this particular work; that it is of sufficient importance to justify a man devoting all his time to it?

Mr. FITTS. I should say so; yes, sir.

Mr. ANDERSON. Will this activity come under the director of the regulatory work or merely under the Secretary?

Mr. FITTS. As it is now, Mr. Morrill has been designated in charge. Mr. Morrill is directly under the Secretary, as assistant to the Secretary. He has been placed in charge of this work and also of some other regulatory work.

Mr. ANDERSON. This will not come under the regulatory work in the department?

Mr. FITTS. The director of regulatory work has not yet been appointed, and just what will be done in connection with the position I do not know, because no announcement has been made. Neither do I know what the lineup will be of the various regulatory work in the department. Whether it will all be put under the director of the regulatory work, if appointed, I am not prepared to say. The Secretary has not made any announcement.

Mr. ANDERSON. The Bureau of Markets has been gathering statistical material with reference to prices, rates, and so forth, at these grain markets. Will the work with regard to the statistical material at these markets be transferred to this item or will it be continued as it is now?

Mr. FITTS. It will be continued where it is now, as far as I know.

Mr. TINCHER. Mr. Chairman, I happen to know that the Secretary did not make any estimate for the enforcement of section 9 of this bill, because he did not want to duplicate any work; he tried to avoid any duplication.

Mr. ANDERSON. What I had in mind was that there does not seem to be any reason for gathering prices, statistics, and rates, material of that kind, in one place, and then gathering the same material at some other place?

Mr. FITTS. I am sure the Secretary would not approve of it if he found there was any duplication.

Mr. ANDERSON. The Secretary does not know everything that is going on all the time.

The CHAIRMAN. This does not contemplate any duplication?

Mr. FITTS. None.

The CHAIRMAN. If you happen to transfer this particular work to the director, of course, it would result in duplication?

Mr. FITTS. If there is any duplication it will be corrected.

Mr. WOOD. How do you arrive at the conclusion that you need two market assistants at two places and at the other will not need any assistant market inspector?

Mr. FITTS. I may say that that depends upon the size of the market. At Chicago and Minneapolis we provide for a supervisor and assistant, but at Kansas City just the supervisor, with no assistant.

Mr. WOOD. You do not know, it may be that the market supervisor may be able to do the work in all of those places?

Mr. FITTS. If so, the assistants will be eliminated.

Mr. WOODS. You know that they never eliminate any office when once established. Why should we not commence with the chief, and if they need an assistant provide for that afterwards? You never heard of an office in this Government being abolished.

Mr. FITTS. They were considered necessary; that is all I can say.

Mr. ANDERSON. What will be the duties of the examiners specified here?

Mr. FITTS. They will examine the records and information submitted, and such related matter as may be pertinent.

Mr. ANDERSON. Will they be Washington employees?

Mr. FITTS. Yes, sir.

Mr. ANDERSON. And the chief clerk will also be in Washington?

Mr. FITTS. Yes, sir.

Mr. ANDERSON. And he will have five other clerks?

Mr. FITTS. Yes, sir.

Mr. ANDERSON. Is it necessary to have a chief clerk and five clerks?

Mr. FITTS. The chief clerk is the principal clerk in the whole division. He will be in charge of the clerical work and take care of the other offices, their clerical and property needs, etc., and have general supervision.

EMPLOYEES IN WASHINGTON.

Mr. KELLEY. As to these 27 people, please tell us which ones are to be in Washington?

Mr. FITTS. The administrator, the assistant, the economist, the examiner, chief clerk, five clerks, and a messenger.

The CHAIRMAN. They will be in Washington?

Mr. FITTS. Yes, sir.

The CHAIRMAN. You will only have a market supervisor and an assistant supervisor at Chicago and at Minneapolis?

Mr. FITTS. Yes, sir; including a clerk and messenger.

The CHAIRMAN. Let me ask you, if I may, this question: These men in Washington will get the information upon which they base their activities from the men in the field?

Mr. FITTS. Yes, sir; I suppose in part.

The CHAIRMAN. Would they not have to get it all, and does it not look rather topheavy to have 11 in Washington and only 5 in the field?

Mr. FITTS. The headquarters is the place where the information from all the markets is submitted; and it will require, as I see it, a considerable number of assistants. A great deal of work will be involved where the data is all assembled and finally considered.

The CHAIRMAN. The only question that occurred to me was this—of course, this is a new proposition, but the practical side of it which has occurred to me is that if you have 5 men in the field developing information which has to be submitted to somebody else, would it not rather seem impossible for those 5 men to furnish information sufficient to keep 22 other men busy?

Mr. TINCHER. Pardon me. Permit me to explain that, Mr. Chairman.

The CHAIRMAN. Yes, sir.

Mr. TINCHER. Under this law each member of the Chicago exchange files a copy of all transactions he makes every day with the exchange, and the Chicago office will have access to those transactions. If for any reason the Secretary of Agriculture concluded that the market was being manipulated and cared to go into that, the sending to Washington of two days' transactions on the Chicago exchange would keep the people employed and busy. I know a little about that because of connection with it in the past.

The CHAIRMAN. Of course that answers the question.

Mr. FITTS. The reports in the contract markets would have attention whenever there seemed to be any irregularity.

The CHAIRMAN. I understood you to say when you first took the stand that this information would be on file at the point where the transactions took place and would be available to the Secretary of Agriculture?

Mr. FITTS. Yes, sir.

The CHAIRMAN. And I got the impression—I do not know whether you stated it or not—that it would not be sent here, only be accessible?

Mr. FITTS. It may be sent here. I do not believe that I covered that particular point.

Mr. BYRNS. What portion, if any, of this force will be appointed through the civil service?

Mr. FITTS. The force will all be appointed through the civil service.

Mr. BYRNS. All of them?

Mr. FITTS. Yes, sir.

Mr. ANTHONY. From the top down?

Mr. FITTS. The law requires that; yes, sir.

Mr. WOOD. I notice that you have all the clerks listed at $1,800.

Mr. FITTS. No; the figures are $1,200 to $1,800.

The CHAIRMAN. Is there anything further you wish to say about this item?

Mr. FITTS. No, sir; that is all.

Mr. SISSON. I should like to ask one further question. This act does provide for the appointment of certain people?

Mr. FITTS. Yes, sir.

Mr. SISSON. And provides for the organization which you have outlined here?

Mr. FITTS. It does not particularly provide for that organization.

The CHAIRMAN. It authorizes the Secretary of Agriculture to enforce a certain act?

Mr. SISSON. That is what I had in mind. If the act does require that. Why is it that every time we pass a statute of any kind it becomes necessary to organize a particular, separate, and distinct force to enforce it?

Mr. FITTS. Well, the only answer I can make is that the people appointed to do their work in the department are busy on that particular work.

Mr. WOOD. They do not have any leisure at all.

The CHAIRMAN. The first thing that we must take into consideration in this problem is that in the law passed by Congress, section 13 provides:

The Secretary of Agriculture may cooperate with any department or agency of the Government, any State, Territory, District, or possession, or department, agency, or political subdivision thereof, or any person; and shall have the power to appoint, remove, and fix the compensation of such officers and employees, not in conflict with existing law, and make such expenditures for rent outside the District of Columbia, printing, telegrams, telephones, law books, books of reference, periodicals, furniture, stationery, office equipment, travel, and other supplies and expenses as shall be necessary to the administration of this act in the District of Columbia and elsewhere, and there is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary for such purposes.

Mr. WOOD. And that is the pin hook on which they hang this.

WEDNESDAY, NOVEMBER 9, 1921.

ERADICATION OF TUBERCULOSIS FROM ANIMALS.

STATEMENT OF HON. DANIEL A. REED, MEMBER OF CONGRESS.

The CHAIRMAN. Mr. Reed, you introduced a bill, H. R. 8877, on the 26th of October proposing an appropriation of $600,000 for the payment of indemnities on account of slaughtered tubercularly infected cattle. That bill has been referred to this committee, and provides as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to supply deficiencies in appropriations in the fiscal year ending June 30, 1922, and prior fiscal years, the following sum:

To enable the Bureau of Animal Industry, Department of Agriculture, to perform the duties imposed upon it by the agricultural appropriation act, approved March 3, 1921, and the act of May 29, 1884 (23 Stat. L., p. 31), and acts amendatory thereof, for the payment of indemnities on account of cattle slaughtered during the current fiscal year and prior fiscal years, in connection with the eradication of tuberculosis from animals, $600,000.

We shall be glad to hear you, Mr. Reed, if you desire to make a statement.

Mr. REED. The reason that I introduced this bill was because of urgent requests received from farm organizations in my district. It appears from their letters that very great progress has been made by these organizations under the agricultural appropriation act approved March 3, 1921, with reference to the eradication of bovine tuberculosis. The Agricultural Department reports that since starting the work of tuberculin testing of cattle in 1918 to October 1, 1921, in New York State, 20,812 were found to be tubercular, or 13.8 per cent of those given the test.

The $141,000 allotted to the State of New York on July 1, 1921, to indemnify the owners of cattle, has now been exhausted, and I am informed that the work was discontinued on October 1, 1921, because of the lack of funds to pay the indemnity.

The dairy business in the State of New York is one of the most important agricultural activities in the State. The total number of dairy cows on farms January 1, 1920, according to the census report, was 1,481,918. The figures show that on farms reporting milk produced there were 1,322,312 cows. In this connection the average production of milk per dairy cow in 1919 was 502 gallons.

Speaking in terms of dollars, the value of the milk sold in New York State in 1919 was $159,005,454, which does not include butter fat nor butter.

The total number of dairy cattle in my congressional district according to the last census was 203,903. It can be readily seen that in presenting this matter I am speaking for a portion of the State that places great emphasis on this important industry. The cattle are largely thoroughbreds, and the farm organizations are intensely interested in eradicating tuberculosis from their herds. The work has been well started and it seems to me that it would be poor economy to prevent the continuation of the work because of lack of funds with which to pay the indemnity.

The eradication of tuberculosis bears directly on the problem of safeguarding the people from this dread disease. A great effort is being made in the State of New York to protect people from tuberculosis, especially infants. In order that I might bring specific facts to bear on this point I telephoned to the tuberculosis section of the Hospital Division of the United States Public Health Service and asked for information relative to the number of deaths from tuberculosis in New York State annually and the same information as to the new cases of the disease reported for that State. I also inquired whether milk from tubercular cows is a menace to infants consuming this milk. I wish to insert a chart showing the number of cases and the number of deaths from tuberculosis, all forms, and pulmonary tuberculosis in New York State for the years 1916–1920:

[illegible] number of deaths from tuberculosis in [illegible] in the United States in the New York State, in the New York City, and

Year	[illegible]		[illegible]	
	[illegible]	[illegible]	[illegible]	[illegible]
1916	[illegible]	[illegible]	[illegible]	[illegible]
1917	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1920	[illegible]	[illegible]	[illegible]	[illegible]

[1] From New York City Statistics Report.
[2] From Census Mortality Statistics.
[3] No reliable data.

With reference to the second inquiry as to the danger of tuberculosis being contracted by infants consuming milk, I wish to insert the letter from C. C. Pierce, Acting Surgeon General, in reply to my inquiry.

October 24, 1921.

Hon. DANIEL A. REED,
House of Representatives, Washington, D. C.

MY DEAR MR. REED: As requested in your telephone conversation of October 19 with the tuberculosis section of the Hospital Division there is inclosed herewith information relative to the number of deaths from tuberculosis in New York State annually and the same information as to the new cases of the disease reported in that State. The aggregate of tuberculous patients in New York State at any one time can not be determined from data at hand. In this connection, however, it is interesting to note that according to surveys made by the National Tuberculosis Association at Framingham, Mass., there appears to be an incidence of two cases of tuberculosis which can be diagnosed at any one time among each 100 of population. Not all of these cases, however, are in need of hospital care, the disease in many instances being self arrested before the patient comes under observation.

With further reference to your inquiry there is no doubt that milk from tuberculous cows is a menace to infants consuming this milk. The bovine tubercule bacillus does not (except in possibly very rare instances) produce tuberculosis of the lungs in adults. It causes tuberculosis of the bones, joints and glands, especially in children. About 8 per cent of deaths from tuberculosis in man are caused by the bovine tubercle bacillus, most of the victims being children. Raw market milk of the cheaper grades [illegible] frequently contains [illegible] tubercle bacilli.

I hope that this information will be found satisfactory for the purpose desired.

Respectfully,

C. C. PIERCE, Acting Surgeon General.

While I [illegible] your report [illegible] in importance to [illegible] Smith, surgeon [illegible] N. Mex. [illegible] in State [illegible]

how it can best be avoided. It is an amazing fact that with full knowledge of the epidemiology of tuberculosis among cattle, the disease has not been eliminated in a single State in this country.

This same authority states:

About 10 per cent of all deaths among children under 15 years of age are due to the various forms of this disease. It is known that tuberculosis increases in frequency but decreases in fatality with each year of life during childhood.

I have an official statement showing the appropriations for hospital facilities, under date of October 10, 1921. This statement shows that the appropriations made by Congress for hospital facilities amount to $18,600,000. Out of a total of 16 hospitals completed or under way, 10 are for the care of tubercular people.

The same report shows that contemplated hospitals, plans nearly completed, which are included in this total appropriation of $18,600,000, there are four, three of which are for the care of tubercular patients. One of these contemplated hospitals is to be built in New York at a cost of $1,250,000.

It seems to me that while we are spending large sums to care for those affected with tuberculosis it is equally important that nothing should be left undone to prevent the spread of the disease. If by appropriating money to pay the indemnity for the eradication of bovine tuberculosis we can prevent children and very young infants from contracting the disease, then it ought to be done. The fact that New York has acted promptly in taking advantage of the law to eradicate this dread disease, it is only fair that the State should be permitted to continue its good work so long as it can be shown that real results are being obtained.

WEDNESDAY, NOVEMBER 9, 1921.

DEPARTMENT OF COMMERCE.

BUREAU OF LIGHTHOUSES.

STATEMENT OF MR. GEORGE R. PUTNAM, COMMISSIONER OF LIGHTHOUSES.

INCREASED COMPENSATION FOR CLERICAL FORCE IN WASHINGTON.

The CHAIRMAN. It appears you have an item here for four clerks at the rate of $1,600 each per annum from November 1, 1921, to June 30, 1922, in lieu of two clerks at $1,000 each and two clerks at $900 each for the same period appropriated for the legislative, executive, and judicial appropriation act for the fiscal year 1922, $1,734. Do you call that a deficiency?

Mr. PUTNAM. No, sir; I call that a supplemental estimate. These are submitted as supplemental and deficiency estimates.

The CHAIRMAN. Is there any emergency that would justify this appropriation?

Mr. PUTNAM. I think so, if you will allow me to explain it, briefly. This is for the central office of the Lighthouse Service here in Washington.

Mr. KELLEY. Are these statutory positions?

Mr. PUTNAM. Yes, sir.

Mr. KELLEY. This is a change of law.

Mr. PUTNAM. The salaries are not fixed by law except as they are appropriated for individually.

Mr. SISSON. Under the statute that becomes the salary for that office until changed by law, which makes it legislation, of course.

The CHAIRMAN. As I understand it, we are considering deficiency appropriations, and I can not read this into a deficiency under any possible construction.

Mr. PUTNAM. The letter from the director of the budget stated the committee would consider supplemental and deficiency estimates, and this document is so headed.

The CHAIRMAN. We are not bound by that, you know.

Mr. PUTNAM. I understand, but this document submitted to the committee is headed "Supplemental and deficiency estimates."

Mr. GALLIVAN. And in consequence of that you submitted this request?

Mr. PUTNAM. In consequence of that this has been submitted as a supplemental estimate and not as a deficiency estimate.

Mr. KELLEY. You are not changing the number of clerks, but increasing the pay?

Mr. PUTNAM. We want to drop the four lowest clerks in our office and put in four clerks at $1,600, so we can get competent persons to do our work.

The CHAIRMAN. Are these $900 positions filled now?

Mr. PUTNAM. Yes, sir; they are filled now.

The CHAIRMAN. And you want to discharge them?

Mr. PUTNAM. They are leaving themselves every little while. I have a list of 71 persons we have had in the two lower grade positions in our office in the last four years. This is not an attempt to revise the general schedule of pay.

The CHAIRMAN. The clerks classed here as $900 and $1,000 with the bonus get $1,140 and $1,240?

Mr. PUTNAM. Yes, sir.

The CHAIRMAN. And if they were $1,600 clerks they would get the bonus also?

Mr. PUTNAM. Yes, sir; that is correct. I appreciate, Mr. Chairman and gentlemen, that this is a rather unusual request to bring here on this kind of a bill, but I think we are in a very unusual kind of a position. We have a large service of about 6,000 people, and we have only 40 people here in Washington to conduct the headquarters work of that service. I do not think there is any parallel to this in the Government service in Washington. We can do the work with 40 people if we have competent people, but we can not do it right if we have not competent people. The salaries in our office were fixed in 1867, more than 50 years ago, and with two exceptions they have not been changed since, except that you have given this bonus in the last few years. In the meantime you have established a great many large bureaus here in Washington within the last few years, with lump-sum appropriations where the fixing of the pay is within the discretion of the heads of those bureaus.

The CHAIRMAN. And we made a great mistake in doing that.

Mr. PUTNAM. They have fixed salaries on an average two and three and four and five hundred dollars higher than we are allowed by law to pay. The result is we are losing our people right along. We do not happen to have any vacancies to-day, but we may have tomorrow or the next day, and here is a list of 71 changes that have been made in the two lower grades in our office in the last four years.

The CHAIRMAN. Such changes are occurring every day in every activity.

Mr. PUTNAM. In the last year I have had three changes in the position of secretary in my own office, one within the last two weeks. They go to these bureaus, that fix the going rate of wage in Washington, and we are perfectly helpless in keeping a proper force to carry on this work. I have here the announcement of the Civil Service Commission of the entrance rate of pay for stenographers, $1,200 plus the bonus. This is $200 and $300 more than we can pay, and stenographers are the lowest grade of clerical employees required in our office, because of the technical character of the work.

WEDNESDAY, NOVEMBER 9, 1921.

DEPARTMENT OF JUSTICE.

STATEMENTS OF MR. CHARLES E. STEWART, CHIEF CLERK; MR. E. M. KENNARD, ADMINISTRATIVE ACCOUNTANT; MR. J. D. HARRIS, CHIEF, DIVISION OF ACCOUNTS; MR. CLARKSON SHERWOOD, IN CHARGE OF PRINTING AND SUPPLIES; MR. SEWALL KEY, ASSISTANT SUPERINTENDENT OF PRISONS; AND DAVID D. CALDWELL, SPECIAL ASSISTANT TO THE ATTORNEY GENERAL.

CONTINGENT EXPENSES.

The CHAIRMAN. The first item is, "Contingent expenses: For miscellaneous expenditures, including telegraphing, fuel, lights, foreign postage, labor, repairs of buildings, care of grounds, books of reference, periodicals, typewriters and adding machines and exchange of same, street car fares," etc., for the fiscal year 1919, $0.38. What is that, please?

Mr. HARRIS. That is an ascertained claim.

The CHAIRMAN. Was there money enough to pay this claim if the balance in the fund had not been turned back to the Treasury, or was there no balance?

Mr. HARRIS. There was no balance.

Mr. KENNARD. This is a delayed bill of the Western Union Telegraph Co. for telegraphic services.

The CHAIRMAN. There is no interest charge on it?

Mr. KENNARD. No, sir.

DETECTION AND PROSECUTION OF CRIMES.

The CHAIRMAN. The next two items under "Detection and prosecution of crimes," one for 1918, $1.66, and one for 1919, $8.75. Be kind enough to explain to us how these two items occurred.

Mr. HARRIS. One of them is a Western Union bill and the other is a Michigan State Telephone Co. bill. The one for $1.66 is the Western Union bill and the one for $2.75 and one for $6 are the Michigan Telephone Co.'s.

The CHAIRMAN. When was it ascertained that these were due?

Mr. HARRIS. Just before we submitted the estimates for this year.

The CHAIRMAN. Was there any balance turned back into the Treasury out of which these bills could have been paid if presented in time?

Mr. HARRIS. Yes, sir; both of these bills would have been paid if presented in time, either from that appropriation or the appropriation for the national security and defense for those years. We turned back money into the Treasury with which they could have been paid.

TRAVELING AND MISCELLANEOUS EXPENSES.

The CHAIRMAN. The next item is "Traveling and miscellaneous expenses," fiscal year 1921, $188.24. Be kind enough to tell us what that consists of.

Mr. HARRIS. Transportation, personal travel on the Pennsylvania Railroad, $79.88; the Baltimore & Ohio, $71.78; the Houston & Texas, $21.92; and one other bill, from the Chicago, Milwaukee & St. Paul, for $14.66.

The CHAIRMAN. In connection with what activities?

Mr. HARRIS. In connection with travel made by the attorneys of the department and the Attorney General.

The CHAIRMAN. Was the balance exhausted before these bills were rendered?

Mr. HARRIS. Yes, sir.

The CHAIRMAN. There would have been no money to meet the obligations if rendered in time?

Mr. HARRIS. No, sir.

The CHAIRMAN. How does it happen that these bills for travel are not rendered by the men who do the traveling?

Mr. HARRIS. They exchange transportation requests for tickets, and then the railroads render the bills, because the Government always requires that transportation requests be used where possible.

The CHAIRMAN. Is transportation under those requests granted at a lower rate?

Mr. HARRIS. No, sir; the same rate. There is a lower rate for the Navy and the Army.

The CHAIRMAN. Would it not be possible under the amount of the appropriation every year to have a certain amount of reserve to cover any possible contingency?

Mr. HARRIS. We do that in every other case except this particular appropriation. It is the appropriation under which the Attorney General and the Assistant Attorneys General travel. Of course, we can not tell always what they will do, or when they go or return. Ordinarily we have enough to take care of that.

The CHAIRMAN. You have no jurisdiction over him?

Mr. HARRIS. No, sir.

The CHAIRMAN. But you have jurisdiction over the subordinates?

Mr. HARRIS. Yes, sir.

FEDERAL COURT REPORTS AND DIGESTS.

The CHAIRMAN. The next item is on page 32, "Federal court reports and digests: For one complete set of Federal court reports and digests for the office of the United States attorney for the district of Nebraska, $616." What is the necessity for that?

Mr. HARRIS. The United States attorney believes that he should be furnished with these reports and digests. They have never been furnished to his office. They have been furnished to the judge of the court, but not for the United States attorney alone. The condition in Omaha is very peculiar. The building covers one square block, and the attorney is on one extreme corner of the building and the judge's library in the other, and he has to walk two blocks to use the library in the judge's chambers.

The CHAIRMAN. Is he not allowed to take any of the reports?

Mr. HARRIS. Yes, sir; I suppose they have no objection, but he does not know at times just what reports he will need.

Mr. SISSON. That is not in the courtroom, but in briefing cases in his own office?

Mr. HARRIS. Yes, sir.

The CHAIRMAN. Does this constitute an emergency sufficient to justify a deficiency appropriation?

Mr. HARRIS. Yes; the business of the court is increasing.

The CHAIRMAN. I know; but there is not any emergency; it can be taken care of in the regular appropriation bill.

Mr. HARRIS. That will be pretty nearly a year later. This is something like a carpenter trying to build a house without a hammer and saw.

UNITED STATES COURTS.

FOR SALARIES OF DISTRICT JUDGES OF NORTH DAKOTA AND WEST VIRGINIA.

The CHAIRMAN. The next item is on page 33, "District courts: For the salaries of the United States district judges for the districts of North Dakota and southern West Virginia, provided by the act approved June 25, 1921, at the rate of $7,500 per annum, $11,812.50." Those judges were appointed?

Mr. KENNARD. One has been appointed and the other one is about to be appointed.

The CHAIRMAN. How did you get the period of time over which the $11,812.50 goes?

Mr. KENNARD. That covers the whole year for one judge, and it covers from November 1 for the other judge.

The CHAIRMAN. If he is not appointed yet it will not cover him from November 1?

Mr. KENNARD. No, sir.

The CHAIRMAN. One judge has been appointed?

Mr. HARRIS. Yes, sir.

The CHAIRMAN. When was he appointed?

Mr. HARRIS. He entered upon duty August 4, 1921.

The CHAIRMAN. Has he received any pay?

Mr. HARRIS. Yes, sir.

Mr. KENNARD. The appropriation is available.

The CHAIRMAN. We want him to get paid from the day he is confirmed.

Mr. HARRIS. He can not be paid beyond that.

Mr. KENNARD. There is nothing to prevent us from paying both of these judges. The appropriation is available for the payment of any judge who is legally appointed and assumes duties, but of course it is liable to be insufficient unless we supplement the fund.

The CHAIRMAN. Do not let us consider it, if that is all there is to it, if there is an appropriation available.

Mr. HARRIS. It is not available for the entire year.

The CHAIRMAN. You have technically an appropriation of $742,500 for 99 district judges, at $7,500 each?

Mr. KENNARD. Yes, sir.

The CHAIRMAN. And the appropriation is available for the salaries of all United States judges for the fiscal year 1922. There may be some vacancies by death or other causes?

Mr. KENNARD. There are such vacancies occasionally.

The CHAIRMAN. If that is true, you have sufficient funds to pay these gentlemen.

Mr. KENNARD. Congress added the provision making the appropriation generally available in order to enable us to avoid having to ask judges to wait for their salaries after assuming duty.

The CHAIRMAN. Let us figure this. You have $742,500 for all of them. How much have you now?

Mr. KENNARD. We did not bring the balance in that appropriation.

The CHAIRMAN. Are there any vacancies anywhere?

Mr. KENNARD. There may be a few vacancies.

The CHAIRMAN. There will be enough funds caused by the vacancies to pay these two judges?

Mr. KENNARD. There might be, but it is not probable.

The CHAIRMAN. Be kind enough, when you get back to your office, to get the figures of how much has been expended and how much has been saved for various reasons.

Mr. KENNARD. For 1921?

The CHAIRMAN. This is 1922.

Mr. KENNARD. It would be a little difficult to get that for 1922. We can tell the amount for 1921 with precision. If it is the desire of this committee to have this deferred until the close of the year, when we will know whether there will be sufficient money through vacancies, it will be satisfactory to the department.

Mr. HARRIS. They must get their salaries.

The CHAIRMAN. I think we should have the facts.

STATEMENT RELATIVE TO SALARIES OF TWO ADDITIONAL DISTRICT JUDGES.

The appropriation for salaries, district judges, fiscal year 1921 was $735,000, of which $727,587.50 was used, leaving only a surplus of $7,412.50 on account of lapses and vacancies.

For the present fiscal year there is but one vacancy, in the southern district of New York, which has existed since October 5, 1921, and will probably be filled at an early date. There is also a brief lapse in connection with the death of Judge Aldrich, of New Hampshire, who died on September 15, 1921, a successor having been confirmed on October 25, 1921.

It is clear from the foregoing that there is nothing in conditions as existing at the present time to justify withholding the appropriation for the additional

judges provided by law, it not being probable that there will be a sufficient surplus to provide for these salaries.

DISTRICT COURT, TERRITORY OF HAWAII.

FOR COMPENSATION OF REPORTER.

The CHAIRMAN. The next item is, "District court, Territory of Hawaii: For compensation of reporter from July 9, 1921, to June 30, 1922, both dates inclusive, at the rate of $3,000 per annum, in addition to the amount heretofore appropriated, $1,760." Please tell us about this item?

Mr. HARRIS. That arises from the Hawaiian Homes Commission Act.

Mr. KENNARD. Which increased the salary of the reporter from $1,200 to $3,000.

The CHAIRMAN. That is a deficiency?

Mr. KENNARD. Yes, sir.

The CHAIRMAN. Is there anything further to be said about it?

Mr. HARRIS. Congress provided for the position and fixed the salary.

SUPREME COURT, TERRITORY OF HAWAII.

FOR COMPENSATION OF CHIEF JUSTICE AND ASSOCIATE JUSTICES.

The CHAIRMAN. The next item is, "Supreme Court, Territory of Hawaii: For compensation of chief justice, at the rate of $7,500 per annum, and of two associate justices, at the rate of $7,000 per annum each, for the period from July 9, 1921, to June 30, 1922, both dates inclusive, in addition to the amounts heretofore appropriated, $4,400.01." That is due to an act of Congress; it is the same thing?

Mr. KENNARD. Yes, sir.

The CHAIRMAN. There is nothing to be said about that item?

Mr. KENNARD. No, sir.

I might state with reference to the constitutional district judges that it has long been the custom of the department to come before the committee with an item for the salary of each new judge.

The CHAIRMAN. If you have secured the money in the past, what is the use of coming here? There is no use to appropriate money twice for the payment of the same bill.

Mr. KENNARD. We can handle it the other way; if that is the wish of the committee, very well.

The CHAIRMAN. That is the way we will handle it.

BOOKS FOR JUDICIAL OFFICERS.

The next item is, "Books for Judicial Officers: For purchase and rebinding of law books, including the exchange thereof, for United States judges, district attorneys, and other judicial officers, including the nine libraries of the United States circuit court of appeals," etc.—those are items for 1917, 1918, and 1919. Will you be kind enough to explain those items of $115, $33.93, and $20.50, and tell us at the same time whether you would have had money enough to

have paid these obligations out of the annual appropriations if they had been submitted in time?

Mr. KENNARD. Perhaps Mr. Sherwood can tell us.

Mr. SHERWOOD. No; I do not know anything about those items.

Mr. KENNARD. These are the amounts of claims which came in long after the close of the year, for which there is now no money available. There was sufficient money for their settlement if they had come in before it was carried to the surplus fund.

The CHAIRMAN. Are they legitimate claims?

Mr. KENNARD. Yes, sir. There is nothing peculiar about the claims, except that they were delayed in presentation. The 1917 claim is a bill of Callaghan & Co. for law books.

The CHAIRMAN. Where were the books used?

Mr. KENNARD. They were purchased in Chicago, Ill., and were probably used where purchased.

The CHAIRMAN. How does it happen that they did not get the bills in for four years?

Mr. KENNARD. These bills have been audited, the books were ordered by competent authority, and the money is legally due to the respective claimants.

The CHAIRMAN. Please give us the facts. The mere statement that they were ordered by competent authority is very well, but that does not furnish a statement of the facts. Tell us who they were for and who ordered them.

Mr. GALLIVAN. And where used.

Mr. WOOD. You come down here every year and ask us for an appropriation for law books. We allow the amount asked and sometimes cut it. When it is not allowed you buy the books anyway?

Mr. KENNARD. No, sir.

Mr. BYRNS. I should like to ask whether or not there was at least this amount of money turned back into the Treasury or whether the department exceeded the appropriation in question?

Mr. KENNARD. In some of these cases there was a balance turned into the Treasury.

Mr. BYRNS. In each case?

Mr. KENNARD. No; in some cases a real but dimunitive defficiency arose, not in any attempt to increase the appropriation, but simply by overlooking outstanding liabilities.

The CHAIRMAN. The amount is very small, but, of course, the principle involved is the same, whether one cent or a million dollars.

Mr. KENNARD. Heretofore these bills have been certified by the several auditors of the Treasury Department.

The CHAIRMAN. Will you be kind enough to state for the record, when you get the facts, what the facts are in connection with these three items.

Mr. KENNARD. We will do so. The information now in hand is, however, more than we have been permitted heretofore to insert in the record.

NOVEMBER 10, 1921.

DETAILED INFORMATION RELATIVE TO CERTAIN AUDITED CLAIMS FOR FISCAL YEARS PRIOR TO THE CURRENT YEAR.

The following list specifies the nature of certain bills pending settlement, which have been audited and allowed as lawful claims against the Govern-

ment. In the time within which this statement must be prepared it is impracticable to ascertain specifically in each case the cause of the delay in presentation and auditing of the bills. In many cases complete delivery of all the books was not made until long after they were ordered, and in such cases the settlement of the entire bill was necessarily delayed. In other cases, there was manifest delinquency on the part of the publishers in submitting their bills. Under existing law a bill against the Government must be audited on its merits, regardless of the delay, even though indefinitely extended, on the part of the claimant in submitting it. Very great difficulty is experienced in securing the prompt rendition of all bills, especially small bills, such as those herein listed.

Contingent expenses, Department of Justice, miscellaneous items, 1919, 38 cents: This is a bill for 38 cents in favor of the Western Union Telegraph Co., of Washington, D. C., covering tolls on messages transmitted during the month of July, 1918. No balance was carried to the surplus fund under this appropriation.

Books for judicial officers, 1917, $115: This covers a bill of Callaghan & Co. for the following books: Rose's Notes on United States Reports, revised edition, volumes 1 and 2; Crawford's Negotiable Instruments, one volume; Shearman & Redfield's Negligence three volumes; Honnold's Workmen's Compensation, two volumes; Black's Rescission of Contracts and Cancellation of Written Instruments, two volumes; Morse on Banks and Banking, fifth edition, 1917, two volumes; Joyce on Insurance, fifth edition, 1917, five volumes; Kerr's Wharton's Criminal Law, three volumes; Bigelow's Law of Estoppel, sixth edition, one volume. (As per proposal to the clerk of the circuit court of appeals at New Orleans. Volumes 3 to 20 of Rose's Notes, to be furnished at $7.50 per volume less 18 per cent discount.)

These books were furnished for the circuit court of appeals at New Orleans, La., and were delivered to Frank H. Mortimer, clerk of said court. It is understood that the long delay in this case was due to the fact that complete delivery was not made until long after the order was given.

There was carried to the surplus fund in this appropriation on June 30, 1919, $1,614.29.

Books for judicial officers, 1918, $33.93.—This item covers three bills of Callaghan & Co., of Chicago, Ill., as follows:

1. For volume 7 of the Federal statutes, annotated, $6.68, shipped to Hon. W. F. Newman, United States district judge, at Atlanta, Ga.

2. Volume 9 of Rose's Notes United States Reports $5.45, shipped to Hon. B. F. Bledsoe, United States district judge at Los Angeles, Calif.

3. Volumes 1 to 4, Rose's Notes United States Reports, at $5.45 per volume, also shipped to Hon. B. F. Bledsoe, United States district judge at Los Angeles, Calif.

There was carried to the surplus fund under this appropriation on June 30, 1920, $2,032.22.

Books for judicial officers 1919, $20.50.—This item is composed of three bills as follows:

1. Bill of the West Publishing Co., of St. Paul, Minn., for volumes 169 and 170 of the Wisconsin Reports, $4.50, delivered to William Parkin, clerk of the United States Circuit Court of Appeals in New York City.

2. Bill of the West Publishing Co., of St. Paul, Minn., for Second Decennial Digest, 1907 to 1916, volume 15, $6, for the library of the United States Circuit Court of Appeals at Ashville, N. C.

3. Bill of John Byrne & Co., of Washington, D. C., for volumes 163 and 164, English Reports, Reprint V, at $5 each, $10; furnished for the United States Circuit Court of Appeals at New Orleans, La.

There was carried to the surplus fund on June 30, 1921, under this appropriation, $1,493.23.

Detection and prosecution of crimes, 1918, $1.66: This item covers a bill of the Western Union Telegraph Co. for tolls on messages pertaining to the official business of the Bureau of Investigation. There was carried to the surplus fund under this appropriation on June 30, 1920, $26,723.44.

Detection and prosecution of crimes, 1919, $8.75: This item covers two bills, as follows:

1. Bill of the Michigan State Telephone Co., Mount Clemens, Mich., for $2.75, for exchange service at Mount Clemens, office of the Bureau of Investigation, month of October, 1918.

2. Bill of the Michigan State Telephone Co., Detroit, Mich., for $6, for additional messages, the contract covering 100 messages per month, the additional messages being chargeable separately.

It is found upon investigation that the balance in this fund, instead of having been carried to the surplus fund in the usual manner, was withheld and may still be used. This item, amounting to $8.75, may therefore be omitted from the pending bill.

Traveling and miscellaneous expenses, Department of Justice, 1921, $188.24: This item is made up of the following bills:

1. Bill of the Pennsylvania Railroad Co. for $79.88, for transportation furnished under various department orders between Columbus, Ohio, and Washington, D. C., to officials of the department.

2. Bill of the Baltimore & Ohio Railroad Co., amounting to $71.78, for transportation furnished under department orders between Washington, D. C., and Chicago, Ill., $27.75; Washington, D. C., to New York City, $8.14; Chicago, Ill., to Washington, D. C., $27.75; New York City to Washington, D. C., $8.14. This was for various officials of the department traveling on official business.

3. Bill of the Houston & Texas Central Railroad Co. for like transportation between Dallas, Tex., and New Orleans, La., $21.92.

4. Bill of the Chicago, Milwaukee & St. Paul Railroad Co., for similar transportation under department orders, $14.66.

There is now no balance in this appropriation to be carried to the surplus fund.

Salaries and expenses of clerks, United States district courts, 1920, $392.37: This item represents certificate No. 34234, made by the general accounting office on account of balance due for salary of C. J. Ohnhaus, clerk of the United States district court for the district of Wyoming. There is now no available balance in this appropriation. Balances are not carried to the surplus fund for the fiscal year 1920, if any, until next June.

Fees of commissioners, United States courts, 1920: This represents settlement under certificates Nos. 34304 and 34322 for $17.05 and $57.65, respectively. When this item was submitted no money was available, but repayments have since been made sufficient to cover this item, and it may be omitted from the bill.

COURT OF CLAIMS.

REPAIRS TO HEATING PLANT.

The CHAIRMAN. The next item is, "Court of Claims: Repairs to heating plant, $4,100."

Mr. HARRIS. Mr. Chairman, will you please pass that item? The chief clerk of the Court of Claims will have to testify on that and he is not here.

The CHAIRMAN. Very well.

SALARIES, FEES, AND EXPENSES OF UNITED STATES MARSHALS AND THEIR DEPUTIES.

The next item is, "For salaries, fees, and expenses of United States marshals and their deputies," etc., $140,000. Tell us about that item, please, how it occurs?

Mr. KENNARD. We think that we are making a very conservative and moderate request under this item, as we are not asking for any substantial increase over the appropriations for the fiscal year 1921, although we are confronted with rapidly increasing business.

The CHAIRMAN. You had an appropriation of $2,160,000 for the current fiscal year. What is the state of your appropriation now?

Mr. KENNARD. The balance in the Treasury is $1,275,923.

The CHAIRMAN. Has that been apportioned?

Mr. KENNARD. No, sir. It is advanced to United States marshals throughout the United States to be applied to expenses as they arise in the different judicial districts.

Mr. SISSON. In other words, this is one of the appropriations that you can not control; the judges allow these accounts?

Mr. KENNARD. The process of the court must be served as and when issued.

Mr. SISSON. It depends entirely upon the amount of business in the courts, and you can not control it?

The CHAIRMAN. Please tell us about the state of the appropriation, the average monthly expenditure up to the present, and how you reached the conclusion that you will need $140,000.

Mr. KENNARD. Mr. Chairman, we do not reach the conclusion by consideration of monthly expenditures. We reach the conclusion from our exact knowledge of the expenditures for 1921, coupled with the fact that the business of the courts has been rapidly increasing and will certainly be at least as great during the fiscal year 1922 as during the fiscal year 1921, and in all probability greater. Knowing the expenditures for 1921 in the various districts, we know about what they will be for the present year. Our monthly expenditures, even if we were able to tabulate them, would be of very little service, because in July and August most of the courts are in vacation, and much greater expense arises in the last half of the fiscal year than in the first half.

Mr. HARRIS. And also for the reason that this amount is disbursed by United States marshals and their accounts are rendered quarterly.

The CHAIRMAN. How do you know that you will have a deficiency of that amount?

Mr. KENNARD. In this way: We have the annual pay roll for United States marshals and their deputies, which on September 30 was $1,402,870. There will be a few changes and perhaps lapses, so that the amount we estimate is $1,400,000 for the salaries of marshals and their deputies. It certainly will be no less than that and it may be more. We have estimated $10,000 for the fees of field deputies, that being the amount that we used in 1921; $770,000 for expense of travel and subsistence in the service of process——

The CHAIRMAN (interposing). How does that compare with the expenditures for 1921?

Mr. KENNARD. We expended for that purpose in 1921, $768,000, in round numbers. For office expenses, such as telegraph, telephone, general communication service, and other incidental matters we estimate $120,000, having used for that purpose $118,000 in 1921. That makes a total of $2,300,000, which we will certainly need for the current year, and in all human probability we will have to come again later in the year and ask for more money. We have only included in this bill what was clearly and certainly needed. This estimate is not on any prospective contingency or guesswork basis.

If we should have strike disorders of any extent we would have to have more money accordingly. If the present rush of business continues at the existing rate of increase we certainly will require more money than we now request. The work of the marshals in the service of process is affected not only by United States business but by private litigation as well. The cases pending at the opening of the fiscal year to which the United States was a party were 66,000, or 10,000 more than one year ago; the number of bankruptcy proceedings pending were 37,000, as against 29,000 a year ago; and the

private litigation in which the marshal must serve process, just as he does in United States cases, aggregated 38,000 cases, as against 32,000 cases a year ago. So that, as a whole, we had, at the opening of the year, 142,000 cases pending, as against 118,000 pending at the opening of the previous year. This increase did not take place all at once, but it came on gradually during the fiscal year 1921 and reached its peak, so far as that year is concerned, near the close of the year.

Mr. BYRNS. As I understand it, you do not apportion this appropriation, and it can not be apportioned.

Mr. KENNARD. We allot a certain amount for salaries.

Mr. BYRNS. But you do not allot anything like the full amount of it, and you still have quite a balance on hand that you spend as occasion arises in order to meet expenses as they occur. You just stated that you probably would have to have another deficiency.

Mr. KENNARD. I think so, but can not tell at present what additional amount will be necessary.

Mr. BYRNS. Why is it necessary to make an appropriation for this purpose now to meet what is necessarily speculative as to the cost?

Mr. KENNARD. It is not necessary to make the appropriation now, but we were requested by the Bureau of the Budget——

The CHAIRMAN (interposing). Nobody was requested by the Bureau of the Budget to do that. I saw the letter that was sent out by the director of the bureau, in which he said that the Appropriations Committee was going to consider a deficiency bill containing deficiencies that were to be sent up here, and that if there were any deficiencies that were proper to be estimated for, he would like to have the departments or those in charge to send them over to him with the proper evidence. Then he said he wanted it definitely understood that he was not inviting anybody to send in deficiencies.

Mr. KENNARD. I remember that language.

The CHAIRMAN. It is only fair to him to state that.

Mr. KENNARD. We understood that they wanted to determine as nearly as possible the expenses of the Government for the fiscal year 1922, and they wish to have them reported. As I understand it, they desired to have reported all certain and unavoidable deficiencies, but not any doubtful or uncertain ones.

Mr. SISSONS. I think that has been practically the universal understanding on the part of the departments. They took that to mean that in making up this budget they wanted to know what the actual expenses were this year, and, of course, they could not ascertain them unless you sent in your deficiencies.

Mr. KENNARD. We tried to meet their request. If you wish to appropriate the money later it will be satisfactory to the department.

Mr. SISSON. If this special session of Congress had not been called you would have waited until December?

Mr. KENNARD. Yes, sir.

Mr. SISSON. Then, as a matter of fact, I think that this deficiency here need not be granted now.

Mr. KENNARD. It is not necessary now.

The CHAIRMAN. But you say that eventually you must have it?

Mr. KENNARD. It is a certain deficiency.

The CHAIRMAN. We would like to have you give your supporting facts for the deficiency, stating the reasons why we should make the appropriation now. Give us all the information you can about it.

Mr. KENNARD. I do not know of any further general information that could be given, but will be glad to give any specific information requested. I might submit the argument that was given to the Budget Bureau. I do not know of any more supporting data that would be of service. The case seems very clear.

The CHAIRMAN. Have you anything here that will give us any of the argument that you made there?

Mr. KENNARD. It may be that some of that is printed in the bill. I do not know just what they printed, but I think they printed a portion of our statement.

The CHAIRMAN. The long and short of it is that you think there is no doubt, based on past experience, that you will have to have the money?

Mr. KENNARD. We know it to a certainty.

The CHAIRMAN. There is nothing more you care to say about it?

Mr. KENNARD. No, sir.

SALARIES AND EXPENSES OF UNITED STATES ATTORNEYS AND THEIR REGULAR ASSISTANTS.

The CHAIRMAN. For salaries of United States district attorneys and expenses of United States district attorneys and their regular assistants, etc., you are asking a deficiency of $100,000. Your current appropriation for this purpose is $800,000.

Mr. KENNARD. Yes, sir; but we expended in the previous year nearly $900,000.

The CHAIRMAN. $889,000.

Mr. KENNARD. You gave us $889,000 and we used about $870,000 of it.

The CHAIRMAN. Are there any more district attorneys now than then?

Mr. KENNARD. No, sir; but there are more clerical assistants. There is one district attorney in Hawaii whose salary Congress increased $1,000; but there is no greater number of district attorneys.

The CHAIRMAN. Then, what makes the necessity for increased expenditures? Is it on account of the increased work in the courts?

Mr. KENNARD. We respectfully submit, so far as this deficiency is concerned, that we are not asking for any increased expenditure, but we are merely seeking to retain what we have.

The CHAIRMAN. You are asking for a deficiency?

Mr. KENNARD. Yes, sir; but nothing in the way of an increase over the previous year.

The CHAIRMAN. Is the increased business the basis of your argument?

Mr. KENNARD. Our business is increasing.

The CHAIRMAN. Let us find out something about it. Did you apportion this appropriation by quarters; and if you did apportion it, did you waive the apportionment?

Mr. KENNARD. No, sir; we make one allotment for salaries. We do not apportion this appropriation, but we simply make an allot-

ment for the salaries, which is the only thing that is in any degree under the control of the Attorney General. The other elements are automatic and proceed under the provisions of statutes; that is, the traveling expenses of the district attorneys and their assistants and clerks.

The CHAIRMAN. You can not control that, and you do not know how much of it there is to be?

Mr. KENNARD. No, sir; the big expense, of course, consists of the salaries of the district attorneys, which are statutory, amounting to $356,500. Then there are the salaries of the 309 clerks to the district attorneys, amounting to $401,160, making $757,660. The travel expenses, experience has shown, will be at the very least $100,000, and the office expenses will amount to $50,000. Our estimate is $750,000 for salaries, $100,000 for travel and subsistence, and $50,000 for office expenses and communication service, making $900,000 in all. The statement to be made in this connection is very much the same as that in regard to the salaries, fees, and expenses of marshals. I take it that the committee is familiar with the congestion of the dockets of the courts. It is a matter of discussion in the public press.

The CHAIRMAN. Is there anything allowed in your estimate for any increased number of assistants or any increased pay for assistants?

Mr. HARRIS. No, sir; we have in contemplation no increase in the salaries of the clerks or in the numbers.

The CHAIRMAN. I referred to assistants.

Mr. HARRIS. The assistant attorneys are not from this appropriation.

Mr. GALLIVAN. Mr. Volstead is partly responsible for this increase?

SALARIES OF CLERKS OF UNITED STATES DISTRICT COURTS, THEIR DEPUTIES, ETC.

The CHAIRMAN. For the salaries of clerks of United States district courts, their deputies, and other assistants, expenses of travel and subsistence, etc., you are asking for 1920 a deficiency of $392.37, and for 1922, $125,000. Tell us how those two items occur.

Mr. KENNARD. I did not investigate the item for 1920. It was passed by the General Accounting Office and certified by the Division of Bookkeeping and Warrants, and they submitted it to us, later asking that it be included in the bill.

The CHAIRMAN. Give us the facts about it. Was there an unexpended balance in the appropriation for 1920 out of which this amount could have been paid if the bill had been rendered in time?

Mr. KENNARD. I doubt whether there was a balance out of which it could have been paid, because we asked for an exact deficiency of $5,203.27.

The CHAIRMAN. What was the bill for?

Mr. KENNARD. We did not bring the bill. In fact, the bill has been passed and has gone on through; we accepted the certificate of the General Accounting Office as final. I can send to the Treasury and get the bill.

The CHAIRMAN. We would like to know what it was for and why it was not paid. You can furnish the information to the committee.

Mr. KENNARD. I will do so.

The CHAIRMAN. You ask a deficiency of $125,000 for 1922. What is the occasion for that deficiency?

Mr. KENNARD. Of course, the increase in business, that I have referred to earlier in the hearings, affects the clerks of the district courts, and the demand for assistance is very great.

The CHAIRMAN. You have an appropriation of $1,050,000 for this service?

Mr. KENNARD. Yes, sir.

The CHAIRMAN. How much of that is unexpended?

Mr. KENNARD. The balance in the Treasury is $560,204.84.

The CHAIRMAN. Have the salaries of the clerks been increased by law or by any other means?

Mr. KENNARD. The salaries of the clerks have remained practically the same, but the expense under this appropriation has been increased in the neighborhood of $16,000----

Mr. HARRIS (interposing). It has been increased $17,870.

Mr. KENNARD. It has been increased by that amount beginning on July 1 by two elements: One is the inclusion by law of Hawaii and Porto Rico in the salary system, taking them entirely off the old fee basis. They were transferred to this fund on July 1 by the sundry civil bill. The other one is the Hawaiian homes commission act increasing the salary of the clerk of court and providing that he shall have certain deputies at certain rates of pay, which we must observe. These two pieces of legislation have made an increase of about $17,000 a year. Otherwise the deficiency is necessary simply to enable us to carry the existing organization as of June 30, 1921. The pay roll for clerks and deputies on June 30, 1921, was $1,086,921, and now we are estimating, in round numbers, $1,080,000 for these salaries. It is perfectly clear that they can not be less in the face of the increasing business, and that we will have a prospective increase for the future action of the committee later in the year when we can tell you more definitely what the exigencies of the situation will develop. We are asking the appropriation on the basis of existing conditions and upon the basis of the expenses as they arose in 1921.

The CHAIRMAN. You made no attempt to comply with the appropriation law passed for 1922?

Mr. KENNARD. We did not attempt to reduce our force. The matter was carefully discussed and was brought to the attention, I believe, of the Attorney General, and also of the Director of the Budget Bureau. It was thought that it would be a grave error to precipitate difficulty in the transaction of the business of the courts, in the face of the enormous mass of work, by decreasing a force already insufficient, and in which there were insistent demands for more help. We were ready and willing to make reduction, not only in these offices, but in the offices of the marshals and district attorneys. The matter was carefully considered from every standpoint, and it was held by my superiors that it could not be done, and the Bureau of the Budget acquiesced in that finding.

The CHAIRMAN. What does an appropriation amount to if those who have to enforce it pay no attention to it?

Mr. KENNARD. I respectfully submit that in the case of the judiciary there is a little different situation arising from that which obtains in the executive branch of the Government. There is involved an automatic piece of machinery over which we have a very slight measure of control. If it were an ordinary executive appropriation and we could say, "We will do this or we will not do it," we could come within the appropriation, but we do not exercise that power over judicial matters.

The CHAIRMAN. Your answer to my question is that the activity must go on, and that you can not control it?

Mr. KENNARD. As to judicial matters; yes, sir.

Mr. WOOD. You were talking about being so extremely busy down there, and I want to ask you what time they commence work in your department every morning?

Mr. KENNARD. I was referring in my discussion more particularly to the business in the field. This appropriation relates to business in the field.

Mr. WOOD. If they work in the field in the way they do down there in your department, it strikes me that they do not work one-third of the time. I went down there after 10 o'clock, and into one of those offices where you have one of these assistants, and he was not in.

Mr. KENNARD. In our department?

Mr. WOOD. Yes; in your place. He was not there, and none were there before 9 o'clock.

Mr. HARRIS. I am there at half past 8 o'clock.

Mr. WOOD. There may be here and there an exception, but if you find anyone on his job in the office before 9 o'clock it is exceptional.

Mr. KENNARD. Perhaps he had business somewhere else.

Mr. WOOD. No; he came into the office late and apologized for it, but that did not save the Government anything.

Mr. KENNARD. So far as this matter is concerned, the department's expenses are not related to it except very remotely.

Mr. HARRIS. Neither does the business of the rest of the department reflect much of the business of the courts, except in the accounting division. The business of the accounting division does reflect it.

The CHAIRMAN. This is a matter over which you say you have substantially no control?

Mr. KENNARD. Yes, sir; that is true. We could arbitrarily reduce this force, but the results would be so serious that they could not be tolerated or contemplated.

The CHAIRMAN. Have there been any increases made?

Mr. KENNARD. Practically none.

The CHAIRMAN. Have there been any increases made in any of the salaries of clerks that may be in anywise responsible for the increased appropriation asked for?

Mr. KENNARD. The increase has been in the number and not in the salaries. The number of deputies in June, 1920, was 493, and in June, 1921, or in September, 1921, the number was 561.

The CHAIRMAN. How many have you now?

Mr. KENNARD. I have nothing later than September 30, 1921. That was just about a month ago, and the number is approximately the same to-day.

FEES OF UNITED STATES COMMISSIONERS AND JUSTICES OF THE PEACE.

The CHAIRMAN. For fees of United States Commissioners and justices of the peace, you ask for 1920 a deficiency of $74.70, and for 1922 $150,000.

Mr. KENNARD. So far as the back year is concerned in this fund, it is simply the statutory fees of a commissioner found due and certified, and to which he is entitled by law, and the question of there being an appropriation naturally becomes a secondary matter. The law prescribes that the commissioner shall render certain services and receive certain fees therefor. We are wholly without any control over the matter.

The CHAIRMAN. You estimate that services will be rendered that will require $150,000 more?

Mr. KENNARD. We are certain of that fact, because we used $372,000 for the expenditures of 1921, and while we have not been able to summarize the accounts for the first quarter of this year, because they are not all in yet by any means, a cursory examination of the accounts shows that they are larger than heretofore. I am inclined to think (and I can tell pretty nearly what it will be) that the expense for fees of commissioners will be $450,000. but we are only asking for what is certain at the present time.

The CHAIRMAN. What about the other item for 1920?

Mr. KENNARD. As I have said, it is simply the statement of an account for statutory fees. The amount was found due by the accounting officers.

The CHAIRMAN. These fees are provided for by law?

Mr. KENNARD. By statute definitely.

FEES OF JURORS.

The CHAIRMAN. For fees of jurors you are asking a deficiency of $9,150.32 for the fiscal year 1921.

Mr. KENNARD. The way we make up that deficiency for 1921 is this: Upon a tabulation of all the expenses under fees of jurors, which will be published later in the annual report of the Attorney General, we found that they amounted to $1,290,155.32, whereas Congress has thus far given us $1,281,000. There is no particular list of claims here, but we know that we will require that amount ultimately to settle the outstanding bille for jurors. Some of it consists of overdrafts.

The CHAIRMAN. This item for 1921 amounts to $9,155.32.

Mr. KENNARD. That is the one I am speaking of.

The CHAIRMAN. You do not know definitely that that amount is due?

Mr. KENNARD. Yes, sir; I can say that we know it definitely, because when we make up our report we include everything that is due, paid, or unpaid, and set against that the money which Congress gave us.

Mr. SISSON. It is also fair to state that this is another item over which you have no control.

Mr. KENNARD. That is true; we have no control over it whatever.

MISCELLANEOUS EXPENSES.

The CHAIRMAN. For such miscellaneous expenses as may be authorized by the Attorney General for the United States courts and their officers, etc., you ask a deficiency of $35 for 1916.

Mr. KENNARD. That is for the payment of Dr. Ezekiel, of Richmond, Va., for his services as an expert witness. I do not know why there has been this long delay in submitting the bill.

Mr. SISSON. Do you know whether it was allowed by the court or not?

Mr. HARRIS. That is not up for allowance by the court; this witness was employed by the Government.

Mr. KENNARD. To testify in a case.

The CHAIRMAN. For 1919 you ask a deficiency of $659.85.

Miscellaneous expenses, United States courts, 1916:	
Dr. G. Ezekiel, Richmond, Va., expert witness	$35.00
Miscellaneous expenses, United States courts, 1919:	
Frederick E. Swope, Stanton and Rockland Streets, Philadelphia, Pa., services as viewer	200.00
George Masters, 1710 Market Street, Philadelphia, Pa., services as viewer	200.00
Isaac C. Yocum, 22 South Fifteenth Street, Philadelphia, Pa., services as viewer	200.00
State Department, Washington, D. C., cablegrams	59.85
Total	659.85
Miscellaneous expenses, United States courts, 1920:	
State Department, Washington, D. C., cablegrams	17.69
State Department, Washington, D. C., cablegrams	131.88
Burlington Gazette, Burlington, N. J. publication of notices of condemnation proceedings	59.04
United States Shipping Board, Emergency Fleet Corporation, 140 North Broad Street, Philadelphia, Pa., photostating	333.00
Bristol Herald Courier, Bristol, Va., publication of notices, condemnation proceedings	156.20
Jane H. Rider, Tucson, Ariz., analysis of exhibits used in court, $5 per exhibit	25.00
Bush Terminal Co., Forty-eighth Street and First Avenue, Brooklyn, N. Y., cartage of court records, $2.50 per hour	15.00
Evening Star, Winchester, Va., publication of notices, condemnation proceedings	225.00
Shenandoah Herald, Woodstock, Va., publication of notices, condemnation proceedings	90.50
Shenandoah Herald, Woodstock, Va., publication of notices, condemnation proceedings	112.25
Shenandoah Herald, Woodstock, Va., publication of notices, condemnation proceedings	62.00
Page News and Courier, Luray, Va., publication of notices, condemnation proceedings	80.00
Bedford Bulletin, Bedford, Va., publication of notices, condemnation proceedings	81.73
Staunton News-Leader, Staunton, Va., publication of notices, condemnation proceedings	77.50
Frederick Denny, 918 White Building, Buffalo, N. Y., court reporter, $10 per day for reporting, $3.50 in lieu of subsistence, 15 cents and 5 cents for transcript	202.85
John P. Geiger, 583 Riverside Drive, New York, N. Y., internal-revenue expert, $41.66 per day	83.33
Amherst New Era, Amherst, Va., publication of notices, condemnation proceedings	128.55

Miscellaneous expenses, United States courts, 1920—Continued.	
Western Union Telegraph Co., Grand Rapids, Mich., searching records	$17.00
James M. Withers, Kirk, Ky., commissioner in condemnation proceedings	25.00
W. J. Piggott, Irvington, Ky., commissioner in condemnation proceedings	25.00
T. B. Beard, Hardinsburg, Ky., commissioner in condemnation proceedings	25.00
W. S. Ball, Hardinsburg, Ky., stenographic services	5.00
Total	1,978.52

Mr. KENNARD. That is made up of four bills. Three of them are for the services of appraisers of land under process of condemnation, and the amounts were allowed by the court. That was in Philadelphia, in the eastern district of Pennsylvania, the amount involved being $600, or $200 to each of three appraisers to determine the value of land to be condemned by the Government. The payment was postponed until the whole matter was disposed of, which delayed the presentation of the bills.

The CHAIRMAN. What about the $59.85?

Mr. KENNARD. That is for cablegrams sent for us by the State Department, and which the State Department calls upon us to refund.

The CHAIRMAN. For 1920 you ask a deficiency of $1,978.52.

Mr. KENNARD. That item is made up of quite a long list.

The CHAIRMAN. You can put that in the record.

Mr. KENNARD. I have a list here that I can put in the record covering that. (See page 151.)

The CHAIRMAN. Have all those bills been audited?

Mr. KENNARD. Yes, sir; they have been audited and found due.

The CHAIRMAN. Was there any balance in the appropriations for the years to which they refer out of which they could have been paid if they had been presented in time?

Mr. KENNARD. In 1919 there was a balance, and in 1920 there was no balance.

The CHAIRMAN. How about 1916?

Mr. KENNARD. I have not those figures with me, but I should say there was a large balance in 1916.

NOTE.—The balance carried to surplus fund in the appropriation was $110,163.48.

SUPPLIES.

The CHAIRMAN. For supplies, including the exchange of typewriting and adding machines for the United States courts, etc., you are asking $50,000. Your current appropriation for this purpose is $75,000 and you had $75,000 in 1921.

Mr. SHERWOOD. We had $105,000 in 1921.

The CHAIRMAN. It does not so appear here. I see there was a deficiency.

Mr. SHERWOOD. There were two deficiencies of $15,000 each.

The CHAIRMAN. Is it necessary to spend $50,000 in addition to the appropriation in this case?

Mr. SHERWOOD. It is absolutely necessary, Mr. Chairman, if we are going to furnish the attorneys and officials in the field the supplies with which to run their offices.

The CHAIRMAN. Why do you need $50,000?

Mr. SHERWOOD. Last year, with $105,000 we had to carry over at the end of the year some $7,000 worth of typewriting and adding-machine requisitions, and we had to stop ordering from the Government Printing Office because we had no money.

The CHAIRMAN. Has the War Department or any other department any of this equipment left over that could be purchased?

Mr. SHERWOOD. We have bought from the General Supply Committee all that we did buy, as required under the law, but we are obliged to pay for them. We had to pay for them.

The CHAIRMAN. What rates did you pay, or did you get lower rates?

Mr. SHERWOOD. We pay the original cost of the machine to the party who has it for sale, less the discount of 10 or 15 per cent, according to the condition of the machine.

The CHAIRMAN. Are they always in good order?

Mr. SHERWOOD. Some of them are, but we have had considerable complaint about the condition in which the machines are in the field.

The Public Printer's bill last year was something like $43,000, and this year, for the four months ending in October, it was something like $22,000, which would indicate that it will run in the neighborhood of $60,000 by the end of the year.

Mr. SISSON. To whom do you furnish typewriters?

Mr. SHERWOOD. To all the judges, attorneys, marshals, and clerks of courts. There are 325 places for holding court, and in most of those places there are deputies besides the clerks themselves, and they require them in their business.

The CHAIRMAN. Do you make an inspection to determine the condition of machines when you are asked to furnish them with new ones?

Mr. SHERWOOD. We make them explain just why they can not be used, and then we look at our records to see how old the machines are, so as to avoid giving them new machines if they are not entitled to them.

The CHAIRMAN. Do you get an allowance for an old machine when you buy a new one?

Mr. SHERWOOD. We do now, but last year we did not. This year we do get an allowance from the general supply committee.

The CHAIRMAN. Is there anything else?

Mr. SHERWOOD. There is nothing else, Mr. Chairman, except that I might say that this money is allotted by the Attorney General for the first three months and for the next three months, making three-fourths of the appropriation for the first six months of the year, and that has been practically exhausted, more, perhaps, on account of the large increase in the charges of the Public Printer for the supplies we get from him, which consists of dockets, blanks, letterheads, and so on.

SUPPORT OF UNITED STATES PRISONERS.

The CHAIRMAN. The next item is for support of United States prisoners, including necessary clothing and medical aid, discharge gratuities provided by law, and transportation to place of conviction or place of bona fide residence in the United States or such other place within the United States as may be authorized by the Attorney General, etc. It appears you have a deficiency of $27,147.58 for 1921. Please explain that.

Mr. KENNARD. That represents the difference between the total amount of expenses and ascertained liabilities, as tabulated carefully for the annual report of the Attorney General, and the amount of the appropriation given by Congress. It is an exact figure, and the money will be needed to pay bills already incurred. I might say that since that report was made we have had some other bills come in that have materially increased the amount, so that there is no doubt about that amount of money being needed. We will submit the bills that have been late in getting in for the next deficiency bill.

Mr. HARRIS. We will have another deficiency under this item because of bills that have since come in.

Mr. SISSON. But this is all of the deficiency for 1921?

Mr. HARRIS. No; we will have another one because of bills that have since come in. We have one that amounts to pretty nearly $10,000, which came in since this was submitted.

Mr. KENNARD. It is difficult to tell why these State institutions do not promptly render their bills.

Mr. SISSON. This is an actual deficiency?

Mr. KENNARD. This is an actual and ascertained deficiency; yes, sir.

Mr. KELLEY. Go ahead with 1922.

Mr. KENNARD. We have asked $300,000 in addition to the $800,000 already appropriated, because our expenditures for the previous year were approximately $1,100,000, and we know to an absolute certainty that they will be at least as great, and in all probability much greater, for the present year because of a larger number of prisoners.

Mr. SISSON. What about the cost of taking care of the prisoners? Has that cost decreased?

Mr. KEY. That cost has remained the same during the last two years, but it varies throughout the United States. It varies from about $3 a day in certain districts in Alaska to 35 and 40 cents in some districts in the States.

Mr. SISSON. You make contracts with the institutions in some instances, do you not?

Mr. KEY. We have an agreement in nearly every instance.

Mr. SISSON. In some States, however, you pay just what is charged under the laws of the State for other prisoners?

Mr. KEY. We pay that if we can not get them to lower the cost; we try to get it cheaper if possible, and in some instances we can, and if we can we do so. We do not accept the State rate without any question and we try to negotiate a contract on a basis which is separate from the State rate. In many instances our rate is lower than the State rate, because we set up the plea with the jailers that

we should not be saddled with the overhead expenses of the jail, and in arriving at the State rate those expenses are generally taken into consideration.

Mr. BYRNS. How does the cost of keeping prisoners in county jails and in State institutions compare with the cost in the United States penitentiaries?

Mr. KEY. Last year it cost at Leavenworth a per diem of 89 cents a day and a fraction, while in the States it varies from about 35 to 40 cents a day to $3 a day in Alaska.

Mr. BYRNS. Of course, Alaska is an exception.

Mr. KEY. Yes.

Mr. BYRNS. What would be the average in the United States?

Mr. KEY. From 40 cents to $1.

Mr. KELLEY. That is just for food.

Mr. KEY. That is what we pay them to keep the prisoners, feed them, and in some instances we get medical attention, but in some instances we do not.

Mr. SISSON. Where it goes up to as high as $1 you get medical attention?

Mr. KEY. There are only one or two States where it is $1. Those States are Nevada, Idaho, Arizona, and New Mexico, where living is high.

Mr. KELLEY. At the last available date how many did you have altogether?

Mr. KEY. How many prisoners?

Mr. KELLEY. Yes.

Mr. KEY. That is hard to say, because the number varies from day to day, and we do not get the information in that way. The figures I am compiling for last year show that we will have had nearly 1,300,000 days' subsistence. We get it that way.

Mr. SISSON. You call it prison days?

Mr. KEY. Days' subsistence; that is the way we speak of it.

Mr. KELLEY. You divide that by three—

Mr. KEY (interposing). And get the quarter; and it is safe to say that for the first quarter of this year there will be an increase because our prisoners are constantly increasing.

Mr. SISSON. How do you account for that constant increase—increased crime?

Mr. KEY. It is due to the prohibition law, the narcotic law, and the motor vehicle act.

Mr. SISSON. The Federal act in reference to motor vehicles?

Mr. KEY. In interstate commerce; yes.

Mr. BYRNS. What balance have you on hand now?

Mr. KENNARD. The balance is $442,408.

Mr. BYRNS. This money, of course, is not allotted?

Mr. KENNARD. It could not possibly be allotted.

Mr. BYRNS. That balance is of what date?

Mr. KENNARD. That is within 10 days ago.

Mr. KELLEY. Your shortage in all of these funds represents just about one month's activity, does it not?

Mr. KENNARD. Well, as a rough statement, yes; but as to prisoners it represents much more than one month. It i[illegible] when compared with the enormous jump in business.

claims for back years, to which the committee has taken exception, I would like to get into the record, and would like to have the attention of the chairman invited to it, that these claims are a greater annoyance to the department by far than they are to the committee; they are pestiferous in the extreme, and if Congress will give us some legislation penalizing the holding out of claims against the Government until we can ascertain only with difficulty whether they ought to be paid or not, we will appreciate it very much.

Mr. SISSON. Most of these claims are the claims of the counties and States, and we can not afford to penalize the counties and States when it is largely a question of kindness on their part in taking care of these prisoners. I think we are doing pretty well, and I do not object if they hold out their bills.

Mr. KENNARD. I will illustrate an extreme case. A United States commissioner will sometimes fail to render any bill against the Government until he dies, and then his estate renders it, or he may wait until he goes out of office and then he will send in bills for 10 or 15 years. I had one come in the other day that ran back some 7 or 8 years, and we must pass it, if correct and lawful, whereas if Congress would provide that if not presented within a certain time the appropriation would not be available, it would do away with this difficulty.

Mr. HARRIS. It would satisfy us to have all such cases go to the Claims Committee.

SUPREME COURT, DISTRICT OF COLUMBIA.

MISCELLANEOUS EXPENSES.

Mr. KELLEY. The next item is for miscellaneous expenses of the Supreme Court of the District of Columbia and its officers. Tell us about that item.

Mr. KENNARD. We are asking here for only $9,000, which will make, with the original appropriation, $24,000, whereas we used in the previous year $30,000; but the expenses of 1921 were largely augmented by the famous Arnstein case, which was twice tried, and they will not be so great in the current year. However, they will be materially more than the original appropriation, because, as the committee is well aware, the business of the courts in the District of Columbia is very much greater than it used to be. We use this appropriation for reporting cases in the courts, for which we pay on the folio basis and per diem basis; we estimate for such service $6,500; we also use it for experts, principally experts to determine the mental condition of supposed insane defendants; we estimate for that purpose $2,500; printing and binding, $2,700; communication service, telephone and telegraph, $800; and the big item is the payment we must make to the Department of the Interior for heating the courthouse and court of appeals buildings. If the experience of the previous year is to be our guide it will cost us about $10,000; it cost us over $9,700 in the previous fiscal year, and coal is about as high as ever. Miscellaneous items, too numerous to mention, are estimated at $1,500. This is the manner in which we arrive at the figure of $24,000.

Mr. KELLEY. What is your balance as of the last available date?

Mr. KENNARD. I will have to insert that in the record.

NOTE.—Balance, $10,640.09.

Mr. SISSON. May I ask how you arrive at the amount of money you pay the Department of the Interior for heat and light?

Mr. KENNARD. Well, they furnish the heat by condensation meter.

Mr. SISSON. Of course, the light is an easy proposition, because you get that by meter, too, I presume?

Mr. KENNARD. The current we get by meter; yes, sir. We get the heat by a peculiar water meter; the water, as it is condensed, turns a little wheel with buckets on it, and as the water fills the buckets and turns the wheel the amount is registered on a dial. We pay so much per unit of condensed water; they make out the price and we pay it.

Mr. SISSON. Do you know anything about the rule they have adopted in fixing your share of the expense?

Mr. KENNARD. There has been considerable discussion about it, and they finally agreed this year to first determine the actual cost of all the service and then pro rate it, I presume, according to the amount of water we return and according to the amount of water they return.

Mr. SISSON. I know there has been a great deal of controversy on the part of the different departments about this.

Mr. KENNARD. The department wrote a letter in which the contention was made that the only fair and just way for one department of the Government to render service to another was to render it upon a cost basis, and that they should first ascertain what the total cost was and then charge us with our pro rata portion of that cost, and arrangement was made accordingly.

The CHAIRMAN. It is fair to assume that they are not getting cost, but that they are losing money on the total operation.

WEDNESDAY, NOVEMBER 9, 1921.

WASHINGTON MARKET CO.'S CHARTER AND LEASE.

TO COMPENSATE EXPERT WITNESSES, ETC.

The CHAIRMAN. "To enable the Attorney General to compensate expert witnesses and pay necessary expenses incident to the duties imposed upon him by section 7 of the act of March 4, 1921 (41 Stat. L., p. 1441), entitled 'An act to repeal and annul certain parts of the charter and lease granted and made to the Washington Market Co., by the act entitled 'An act to incorporate the Washington Market Co.,' approved May 28, 1870, $3,500, to be available for use in the District of Columbia."

Mr. CALDWELL. The act approved March 4, 1921, public No. 399, provides for the repeal and annulment of certain parts of the charter granted to the Washington Market Co. by an act of 1870. Section 6 of the act of March 4, 1921, provides an appropriation of money sufficient to pay the award for the buildings, improvements, and

also to compensate the members of the commission provided for by the act.

The CHAIRMAN. That is, when the award is made?

Mr. CALDWELL. Yes.

The CHAIRMAN. Do you know when it is going to be made?

Mr. CALDWELL. It is bound to be made within six months from the date of the appointment of the commission, under the terms of the act.

The CHAIRMAN. Is there any one in the executive branch of the Government who has the power to refuse to accept the award?

Mr. CALDWELL. No, sir; but the award must be made within six months from the date of the appointment of the commission.

Mr. SISSON. Do you mean there is no power to reject that award?

Mr. CALDWELL. No power so far as this act is concerned.

Mr. SISSON. And we are bound by the award of these commissioners?

Mr. CALDWELL. An appeal lies from the award of the commission to the Court of Appeals of the District, and that award is final, according to the terms of this act.

The CHAIRMAN. The Attorney General under section 7 of the act is required to do this:

> It shall be the duty of the Attorney General to assign one or more of the attorneys in the Department of Justice to represent the interests of the United States before said commission and before the Court of Appeals, if an appeal should be prosecuted thereto and, generally, to represent the United States in all steps and proceedings looking to the enforcement of this act?

I suppose what you want is to get compensation?

Mr. CALDWELL. No; section 6 provides for an appropriation to compensate the members of the commission and a secretary and a stenographer thereto, and there is a proviso which says that the total compensation paid to the members of the commission and the secretary thereof, including the stenographer and necessary expenses, shall not exceed $35,000. Informal conferences with the comptroller have resulted in the conclusion that we can not use that for the employment of necessary expert witnesses, such as building constructors.

Mr. ANTHONY. Do not the words "necessary expenses" include the expenses of expert witnesses?

Mr. CALDWELL. In the informal opinion of the comptroller's office, that means the expenses of the commission and not the expenses of the Department of Justice.

The CHAIRMAN. Would it not be possible for us to put a proviso on this bill making the $35,000 available for the payment of expert witnesses in addition to the payment of their other activities?

Mr. CALDWELL. That will be entirely satisfactory to me and to the rest of the department who are interested in this bill.

The CHAIRMAN. That would cover the case and bring you within the ruling of the comptroller general.

Mr. CALDWELL. That would be satisfactory to us. Of course, this appropriation is made disbursable by the President and we have not felt we could take any action independently of him. If that be done as of a later date than now, will that in any way operate to make it impossible to pay experts I have already engaged?

The CHAIRMAN. I do not think so. Out of the $35,000 anything can be paid that comes within the scope of the act.

Mr. CALDWELL. If there is any likelihood of that happening, I would like to have that safeguarded.

Mr. SISSON. We can put in this proviso the language you have in this section.

The CHAIRMAN. Tell us just what these expenses cover?

Mr. CALDWELL. I have only been figuring tentatively on that, but in making up the estimates I calculated on two building experts at $50 a day for 10 days each, but it seems now it will be necessary to have at least three and to have them for at least 15 days each, and it may go beyond that.

The CHAIRMAN. But the cost will not exceed $3,500?

Mr. CALDWELL. The whole thing will not exceed $3,500, I believe. It is also necessary to have an expert on refrigeration.

The CHAIRMAN. In order that you may be able to tell whether the values fixed by the commission are correct or not?

Mr. CALDWELL. Yes; in order, rather, to give the commission aid in arriving at the proper value.

The CHAIRMAN. It is fair, I suppose, to say that the commission is not considering the Government's side alone, but are considering both sides, and you on the Government side of the question want to know the proper value?

Mr. CALDWELL. Yes. We also may have to have experts as to plumbing, and so forth.

The CHAIRMAN. You want to be able to employ whatever experts you may need. You do not need to enumerate them.

Mr. CALDWELL. I was only telling you for the information of the committee that there are involved the electric, plumbing, and heating plants, and they will all have to be taken into account separately.

The CHAIRMAN. Are any attorneys to be paid out of this fund?

Mr. CALDWELL. No, sir; there can not be under the provision of the act which you read, section 7.

The CHAIRMAN. Is there any expense in addition to the expert so that the language might be made all sufficient?

Mr. CALDWELL. I think the language we submitted is sufficient. The only ones that I can think of are the expenses for some plats and maps.

The CHAIRMAN. "To enable the Attorney General to compensate expert witnesses and pay necessary expenses incident to the duties imposed upon him by section 7 of the act of March 4, 1921"—you think that language is broad enough?

Mr. CALDWELL. I think so.

Mr. KELLEY. The trouble is that the comptroller has held that these moneys must be expended only under the commission and anything that the Attorney General expends is not covered by this act?

Mr. CALDWELL. Expended entirely at the discretion of the President. The funds are disbursable by the President, but only for the expenses of the commission. The comptroller has not held that formally, but that is what he will hold.

The CHAIRMAN. But he will compel us, by his anticipated decision, to pay $3,500 more than we otherwise would have to pay?

Mr. CALDWELL. Of course, that assumes that the President will use the entire $35,000 for the purposes specified, which is not entirely proper to assume.

The CHAIRMAN. Have you any funds available for the payment of these expert witnesses?

Mr. CALDWELL. We have not. The usual fund for court expenses, the appropriation for miscellaneous expenses of United States courts, is not available for this purpose, as the proceeding is before a commission in the District of Columbia; nor is the appropriation for miscellaneous expenses, Supreme Court of the District available, because this proceeding does not lie in that court. It lies with this commission and from the commission there is an appeal to the Court of Appeals of the District of Columbia.

The CHAIRMAN. So it would have to be specially treated?

Mr. CALDWELL. Yes, sir.

MONDAY, NOVEMBER 14, 1921.

DEPARTMENT OF LABOR.

BUREAU OF IMMIGRATION.

STATEMENTS OF MR. W. W. HUSBAND, COMMISSIONER GENERAL OF IMMIGRATION, AND MR. W. H. WAGNER, SPECIAL IMMIGRANT INSPECTOR.

ELLIS ISLAND, N. Y.—FOR RECONSTRUCTION, ETC., OF LAUNDRY BUILDING, ISLAND NO. 2.

The CHAIRMAN. We have before us an item for Ellis Island, N. Y., for reconstruction and reconditioning of laundry building, Island No. 2, $63,470.05. Tell us why we are called upon to consider this proposition.

Mr. HUSBAND. The laundry on Island No. 2 is one of three laundries on what is known as Ellis Island. It is connected with the hospital and was old, and the equipment was quite out of date. On May 16 of this year it was practically destroyed by fire and the equipment also practically destroyed. I believe a little of the machinery is available, but for the most part it is gone. We used approximately $1,000 in protecting the building and made a careful survey of the situation, with a view to rebuilding and so equipping it that the number of active laundries on the island could be reduced to two instead of three, and this item of $63,000 represents the restoration of the building and the purchase and installation of new laundry machinery and equipment.

The CHAIRMAN. How was this figure arrived at?

Mr. HUSBAND. It was arrived at by the engineer in charge of the island. I have here a very detailed statement of the cost of the various items.

The CHAIRMAN. I wish you would be kind enough to read that.

DETAILS OF ESTIMATE.

Mr. HUSBAND. The detailed estimate of cost is as follows:

Item No. 1.—For restoration and repair of first or ground floor, including removal of emergency heating boiler not now required because of improvements and enlargements in the main power plant, the removal of the chimney used by said boiler, alterations in certain bearing walls, including cutting of large opening and installation of lintels so as to retain the supporting strength of said walls, removal of the old disinfecting apparatus at the west end of said laundry building, these alterations leaving available three rooms, respectively 33 by 25 feet, 33 by 17 feet, 33 by 13 feet, all intercommunicating and available for laundry mechanism, $9,500. This includes all electric light wiring, lighting fixtures, and needful repairs to heating apparatus and water supply on said first floor.

The CHAIRMAN. Were all these changes made necessary by the fire?

Mr. HUSBAND. As I remember going over it, not absolutely necessary, but in making the general improvements after the fire they are necessary.

The CHAIRMAN. The fact you had a fire has led you to this plan to improve or remodel the building?

Mr. HUSBAND. Yes, sir; to improve the building somewhat so as to increase the capacity.

Item No. 2.—For installation of new fireproof roof for entire building, steel frame, tile and slate covering, assuming the salvage of as much of the present slate as can be used, $6,600.

That may be explained hereafter, but I will say right here that this was not a fireproof building. It is adjacent to the psychopathic ward of the hospital and the fire which occurred was handled very well, indeed, but had it been communicated to the hospital proper it would have reached the psychopathic ward first. Several of these items are with a view to making the building practically fireproof.

The CHAIRMAN. On this part of the building the roof was affected by the fire?

Mr. HUSBAND. It was destroyed practically and a temporary roof had to be put on.

Item No. 3.—For repairing and reconditioning the present second story, including repairs to plumbing, electric lighting, and water supply, $1,200.

Item No. 4 for construction of an additional or third story to said building, including repairs to present second story and the repairs and alterations to first story, as described in items 1 and 3, $37,800.

The CHAIRMAN. What is the necessity for an additional story?

Mr. HUSBAND. The necessity for that is to provide dormitory space for attendants at the island. There is at the island no nurses' home, and none of the accommodation for nurses which now ordinarily go with a modern hospital plant.

The CHAIRMAN. This is a laundry building we are talking about now.

Mr. HUSBAND. This is a laundry building, a two-story building, and this upper floor was put in with the intention of making provision for the nurses.

The CHAIRMAN. For the nurses for the hospital side of it?

Mr. HUSBAND. Yes. It is all a part of the hospital. This is the hospital laundry.

This would make the cost of the construction of said story at rate of $1 per cubic foot. This includes the roof and roof parap

make the construction harmonize with adjacent psychopathic ward, provide a fire stop, and also includes the necessary heating, lighting, and plumbing equipment for the said proposed third story.

The CHAIRMAN. That is the dormitory?

Mr. HUSBAND. That was the third story.

The CHAIRMAN. You say that it will cost $1 a cubic foot?

Mr. HUSBAND. This makes the cost of construction of the third story at the rate of $1 per cubic foot.

NOTE.—There is no question but what the cost of, say, a dollar per cubic foot for the additional story and new roof on the laundry building at Ellis Island appears to be high, but New York construction costs continue high for small buildings, and particularly where there is a considerable loss of time in transporting labor to and fro, as at Ellis Island.

The situation of this building, jammed in between the west end of the large hospital building on No. 2 Island and the adjacent covered way, makes access of material and the handling of said material after delivery a considerable item of expense. (See block plan of United States Immigration Service, New York.) Moreover, arrangements have to be made for keeping weather tight the present roof and the removal of same after construction of second story is complete.

Alterations and additions invariably cost more per cubic foot than new construction of the same character. This estimate for the second story took into account the expensive subdivision in the way of small rooms, the installation of some eight toilet fixtures, bath rooms, etc., as well as the alterations in the first story.

I went over this estimate individually, my office went over it, and subsequently it was checked up with a contractor's estimate. Locally, in New York, the cost of building materials has not materially decreased on small jobs, such as this, and wages in building trades remain substantially at the 1919 rates. I shall be very glad to revise these estimates in detail on my return to duty at New York, if desired.

Capt. ALFRED BROOKS FRY.

The CHAIRMAN. It ought not to be over 30 cents at the outside. How many cubic feet will there be; what kind of construction is it?

Mr. HUSBAND. We have not that.

The CHAIRMAN. You can get the best fireproof construction in a building, including foundations and equipment, for less than 40 cents a cubic foot. I do not see how you get at $1.

Mr. HUSBAND. I am afraid that I am not competent to discuss that, Mr. Chairman. Our engineer in charge made these figures.

The CHAIRMAN. Is he a civil engineer or a mechanical engineer?

Mr. HUSBAND. He is a civil and mechanical engineer of 36 years' service under the Departments of the Navy, Treasury, and Commerce and Labor. He was to have been here this morning, but has not come because of a conflict of appointments and illness.

The CHAIRMAN. Is he in town?

Mr. HUSBAND. I can not say. He is the supervising chief engineer of United States public buildings at the port of New York. I will say, Mr. Chairman, that I personally questioned the advisability, because of the expense, of adding the third story.

The CHAIRMAN. How much could be taken off?

Mr. HUSBAND. I could not tell you if the roof was put on the second story.

The CHAIRMAN. It figures $37,000 for the additional story. Of course, the roof is not included in that?

Mr. HUSBAND. I believe the roof is included in the $37,000 and with these other items would go out.

The CHAIRMAN. That would make it cost a little more per cubic foot to put the roof on?

Mr. HUSBAND. Yes, sir.

The CHAIRMAN. How much would the roof cost?

Mr. HUSBAND. $6,600.

The CHAIRMAN. And the total cost would be how much?

Mr. HUSBAND. $37,800.

The CHAIRMAN. And the roof cost $6,600?

Mr. HUSBAND. Yes, sir. My understanding of that is that it would add about $30,000 to the cost of the building.

Laundry machinery, $22,670.75.

The CHAIRMAN. Of course, we do not know anything about that.

Mr. HUSBAND. This goes into the building.

The CHAIRMAN. The building material I would know something about, but I would not know about the other.

DETAILS OF ESTIMATE.

Mr. HUSBAND. I will read these items:

42 by 72 inch J-2 Henrici washer, with tobin bronze cylinders, having one partition, making two compartments, two doors, with reversing motor attached with controller	$3,375
M-1 42 by 36 inch Henrici washer, having tobin bronze cylinders, with no partition, making one compartment, with one door and with reversing motor attached with controller	2,650
40-inch overdriven extractor with copper basket with 7½-horsepower motor attached with pilot-light push-button station and magnetic starting controller	2,150
30 by 120 inch Troy big two flat-work ironer, having two cylinders, each 30 inches in diameter by 120 inches in length, having ribbon feed, automatic safety stop, and variable-speed motor attached with controller	6,550
42 by 60 inch No. 3 hot-air reversing type dry-room tumbler, with 2½ M. galvanized woven-wire cylinder, with one door, not partition, making one compartment, with type A motor drive, consisting of one direct-geared reversing motor, operating cylinders, with timer station and reversing contractor, with combination inching switch and one-fan type motor, directly coupled to fan shaft with push-button station and automatic stop	2,855
Two loop 9 foot deep single conveyor dry room with metal cabinet having No. 1 drops, motor drive	1,915
24-inch steam collar and cuff ironer, single-pass type, with brass finger guards feed plate with motor attached	1,440
25-gallon heat-retaining starch cooker, with cooper casing and copper lining, hinge cover	145
30 by 96 inch finishing table with plain iron legs	70
Fiddler simplex seam dampener with motor attached	75
No. 724 Shaw shaper electric heated with spare heating element	60.75
38-inch Troy prosperity garment presses, arranged in two tandems	1,390
Total	22,670

Installation charge, $3,000.

The above motors are for 220 volts direct current.

Explanation.—On the night of May 16, 1921, the hospital laundry building on Island No. 2 was destroyed by fire, and a careful survey of the situation indicates the need of an immediate appropriation to reconstruct and recondition the building. Two laundries have always been in operation at Ellis Island, the one located on Island No. 2, which was destroyed, and a small auxiliary plant on Island No. 3, which is used to wash the linen and blankets of aliens suffering from contagious diseases. The installation of modern laundry machinery will make it possible to shut down this auxiliary plant, save the salaries of eight or nine employees, and cut down the overhead expense. The auxiliary laundry is now being operated continuously, but its capacity is so limited that it is possible to perform only part of the

necessary laundry work; hence it is essential that prompt measures be taken to afford the necessary relief.

It is obvious that these repairs should be made as soon as possible, as there has seldom been less than 500 patients in the hospitals during the past five or six months, and with all sorts of diseases and disabilities requiring treatment the quantity of laundry is very large indeed, and it must be done quickly in order to avoid the purchase of a stock of linens, blankets, etc., out of all proportion to the ordinary equipment required in this respect.

Furthermore, there is a very dangerous fire risk at the present time, as a conflagration could follow along the corridors of the building to the one leading to the hospital building itself and to the ferryhouse, and as the steam, hot and cold water and flushing lines are all carried through the covered way a serious fire would put all these connections with the hospital building out of commission.

The CHAIRMAN. You do the laundry work there for an average of 500 people?

Mr. HUSBAND. These are in the two hospitals.

The CHAIRMAN. In the three places?

Mr. HUSBAND. I said there were three laundries. These two laundries are hospital laundries. The other one is the laundry on Island No. 1, which is the immigration station.

The CHAIRMAN. If you can get the appropriation to rehabilitate this laundry you can do away with the auxiliary laundry?

Mr. HUSBAND. The laundry on Island No. 3.

The CHAIRMAN. And save the compensation of eight of these persons?

Mr. HUSBAND. Eight or nine.

The CHAIRMAN. What would that amount to?

Mr. HUSBAND. I think that might be about $12,000 or $13,000 a year.

The CHAIRMAN. You are not clear that you need the third story on this building?

Mr. HUSBAND. Yes, sir; I am clear about that, that we need it, not as a part of the laundry, but to provide additional dormitories and certain modern conveniences for the nurses and attendants.

The CHAIRMAN. What kind of conveniences have they?

Mr. HUSBAND. They have almost nothing. There is a small room, a dining room, and small sitting room, and some sleeping rooms.

The CHAIRMAN. What would become of those?

Mr. HUSBAND. I suppose those would be used in the same way as they are now.

The CHAIRMAN. You could get along without it?

Mr. HUSBAND. I think so; I questioned it myself.

FOR REMODELING AND EQUIPPING ROOMS IN ADMINISTRATION BUILDING, ISLAND NO. 1.

The CHAIRMAN. The next item is, "For remodeling and equipping 15 rooms, including 3 bathrooms, in the administration building, Island No. 1, in order to provide suitable quarters for the detention of alien women with small children, aged persons, and other passengers who may require special consideration, $20,000." Do you recall whether that was asked for in the regular appropriation?

Mr. HUSBAND. Yes, sir; it has been asked for in the appropriation for 1923, the new fiscal year.

The CHAIRMAN. Was it asked for for 1922?

Mr. HUSBAND. It was asked for in the form of $180,000 for the addition of another story on one of the Ellis Island buildings, and it was included in the same way in the estimates for 1923.

The CHAIRMAN. What is the special need of it?

Mr. HUSBAND. The special need just now is that under the percentage law we are obliged to detain at Ellis Island people for a much longer period than heretofore, people of the nonimmigrant class, cabin passengers.

The CHAIRMAN. Under what circumstances do you have to care for cabin passengers?

Mr. HUSBAND. A cabin passenger comes in from South America or Australia or from some country where the quota for the month or the year is exhausted and it is necessary to take them to Ellis Island until the case comes to Washington on appeal. We have had most of our troubles at Ellis Island in detaining people of the nonimmigrant class. There is really no suitable place to house them. They are comparatively few in number.

The CHAIRMAN. How do you take care of them now?

Mr. HUSBAND. They are put in what are called the second cabin dormitories. They are somewhat removed from the steerage quarters and are smaller, but they have tiers of bunks, these high bunks, just the same as for the immigrants with no better equipment than we have for the third class.

The CHAIRMAN. What is the average number which you have there of that class?

Mr. HUSBAND. That would be difficult to say, Mr. Chairman. It may be that we would have 50 some nights.

The CHAIRMAN. What is the space which you propose to remodel used for now?

Mr. HUSBAND. It is used for the same purpose, very largely.

The CHAIRMAN. You want to give them exclusive quarters?

Mr. HUSBAND. We want to give them better quarters than they have. The rooms are in pretty bad shape and the toilets are in bad shape. There are no bathing facilities connected with them. We want to equip 15 rooms that already exist. There will be no change in the partitions. There are 15 rooms and 3 baths. That item was asked for in 1922 and also in 1923 and was $180,000. By going over the island—I spent a good part of one night in doing that—it seemed to me that we did not need an additional building or room for this purpose, but to readjust what we have.

The CHAIRMAN. The question which arose in my mind was whether it was so urgent that it should be taken up in consideration with a deficiency or whether it could not take its course in the ordinary bill?

Mr. HUSBAND. I think it is a legitimate deficiency item, brought about, as I say, by this new law, necessitating the holding of people that we have never held before.

The CHAIRMAN. You have no contract obligations stan[illegible] the proposed appropriation, that is to say, you have n[illegible] the Government to any part of this expenditure?

Mr. HUSBAND. No. This is simply to take the place c[illegible] for $180,000 for next year by inserting an emergency ite[illegible]

It will not do, of course, as much as $180,000, but will take care of the situation very well.

The CHAIRMAN. This estimate was included in the 1923 estimates?

Mr. HUSBAND. On the basis of $180,000 for the same purpose.

Mr. SISSON. That will not prevent you from coming back and asking for $180,000?

Mr. HUSBAND. We will not come back for $180,000; we do not need any more room at Ellis Island.

The CHAIRMAN. This is what you consider as an urgent need?

Mr. HUSBAND. I would consider this an urgent need. If you had the troubles that we have had there it would have been obvious to have these rooms in better shape and you would agree with us that it is a very urgent need.

The CHAIRMAN. How did the former law compare with the present law with respect to the detention and care of the class of people referred to in this paragraph?

Mr. HUSBAND. It is not solely the law, but the conditions generally. In the old days, that is, before the war, the immigration was so adjusted that comparatively few of them had to stay there any length of time. They came with their railroad tickets to destination. They usually had enough money to go on, and passed through Ellis Island very rapidly; the detentions were not serious. Since the war the people have come without their railroad tickets to destination and they have had to wait there for friends to send them transportation.

The CHAIRMAN. And that would be the case in the matter of the first-class passengers?

Mr. HUSBAND. No.

The CHAIRMAN. I am just dealing with first-class passengers.

Mr. HUSBAND. He is the most troublesome one that we are dealing with.

The CHAIRMAN. What are you dealing with here?

Mr. HUSBAND. With alien women with small children, aged persons, and other passengers who may require special consideration. The other passengers are the cabin passengers. One of the assistant commissioners told me the other day that he took a ship's manifest, and went over 80 names on it before he found a person with a dollar in his pocket.

The CHAIRMAN. Who pays for the expense while they are detained?

Mr. HUSBAND. The steamship people.

The CHAIRMAN. Do you have any trouble in making collections or is the money paid in advance?

Mr. HUSBAND. It is provided for in advance.

The CHAIRMAN. They have deposits?

Mr. HUSBAND. Yes, sir.

FOR RENEWAL AND INSTALLATION OF PLUMBING, ISLAND NO. 2.

The CHAIRMAN. Please take up the next item, for renewal of plumbing system on Island No. 2, including installation, $20,000. Has that anything to do with the plumbing system in the laundry?

Mr. HUSBAND. No.

The CHAIRMAN. We have already provided for that?

Mr. HUSBAND. Now you get into another item, although to do the work at the same time would expedite it and save money, I suspect. The difficulty with the plumbing system on Island No. 2 is that the pipes are old, and are corroded until it is absolutely impossible to get the water through some of them. I inspected that myself. There are two banks of toilets there, two toilets on the second floor and two on the third floor of the hospital, and no water gets to the third floor at all. They have to carry water up in buckets to flush the toilets. On the second floor it only runs in the bathroom so they have to fill the bathtub and dip the water out to flush the toilets. On the first floor it is somewhat better

The CHAIRMAN. That is the condition?

Mr. HUSBAND. Yes, sir. It is a very serious situation. Nothing has happened, but for a hospital it is not good.

The CHAIRMAN. How about the amount, is that a reasonable amount?

Mr. HUSBAND. The detailed estimate of the cost amounts to $20,000. Of course, we have had to take the engineer's figures for that. It is not only the bath rooms that trouble, Mr. Chairman, but we have, for instance, a coil of hose there in one place and no water will reach the hose. The fire protection is fairly good from the outside and from other sources, but it just shows the condition of the pipes in the building.

The CHAIRMAN. Do you have any sewer gas there?

Mr. HUSBAND. No, sir; it is not a sewage proposition.

Mr. SISSON. This is the same building?

Mr. HUSBAND. Yes, sir.

The CHAIRMAN. Please give us the details of how you reached the conclusion that $20,000 was a reasonable sum?

DETAILS OF ESTIMATE.

Mr. HUSBAND. The detailed estimate of the cost is as follows:

10,000 feet of brass supply pipe, at 35 cents	$3,500
4,000 feet of galvanized supply pipe, 2 inches to 4 inches, at 75 cents	3,000
Brass fittings	650
Galvanized fittings	300
Valves and emptying cocks	400
Cutting and patching	1,800
Hangers, supports, etc	350
Labor	4,800
Pipe covering	2,012
Total	16,812
Profit and overhead	3,188
Grand total	20,000

NOTE.—If we can get the material required from surplus material on hand at other departments, and at costs less than current market rates, a saving can be effected accordingly. It should be understood, however, that there is no profit in attempting to use second-hand piping, etc., in permanent construction work, and therefore no surplus material taken should be material that has been used.

The CHAIRMAN. $3,000 on $16,000; that is about 20 per cent; that is a pretty good-sized profit?

NOTE.—This 20 per cent comprises not only profit, but all overhead charges, including employers' liability insurance, supervision, etc.

Mr. HUSBAND. I talked with the engineer at Ellis Island weeks ago, and he told me that it would probably be possible to save something because of the decreased cost of certain supplies since the estimate was prepared, but he had not investigated and did not want to make any change.

SALT-WATER FLUSHING SYSTEMS FOR HOSPITAL BUILDINGS, ISLAND NO. 2.

The CHAIRMAN. Please take up the next item.

Mr. HUSBAND. The next one is for salt-water flushing system for hospital building, Island No. 2, including installation, $20,000. That is the one you have there?

The CHAIRMAN. Yes, sir.

Mr. HUSBAND. It is not so much an emergency as the others, but it seems to me—I asked the engineer as a business proposition when we were doing one thing whether we ought not to do the other, and he agreed.

The CHAIRMAN. It is not a deficiency?

Mr. HUSBAND. But money can be saved by doing the two at the same time, because they are in the same building and concern pipes running in the same direction.

The CHAIRMAN. And not have to tear up again?

Mr. HUSBAND. Yes, sir. That is why I included it. The engineer told me that it was a very necessary thing to do.

IMMIGRATION SERVICE.

FOR ENFORCEMENT OF LAWS REGULATING IMMIGRATION OF ALIENS.

The CHAIRMAN. The next item is, "Immigration Service." For enforcement of the laws regulating immigration of aliens into the United States, and so forth, you have an estimate of $150,000 for 1921 and a request for $300,000 for 1922. How did those deficiences occur?

Mr. HUSBAND. Permit me to ask Mr. Wagner to explain that particular deficiency, because he knows—I know in a general way but I think he knows in detail more than I do about it.

The CHAIRMAN. Certainly.

Mr. WAGNER. During the last fiscal year, as you know, immigration increased considerably. Commencing with July the arrivals at New York and elsewhere totaled 83,959 and gradually worked up to 103,269 in October. This great increase in immigration created many additional expenditures. Additional help was also necessary to take care of the situation. Last May we submitted to the Senate committee an estimate of $488,000 to take care of these additional obligations that were incurred and were not estimated for at the beginning of the year.

The CHAIRMAN. These two items have reference to deportation?

Mr. WAGNER. Yes, sir.

Mr. HUSBAND. I will explain the third item; that is a different roposition.

TRANSPORTATION FOR DEPORTATION OF ALIENS.

The CHAIRMAN. The $150,000 was used for transportation in connection with the deportation of aliens unlawfully in the United States?

Mr. WAGNER. Yes, sir.

The CHAIRMAN. How was that money expended?

Mr. WAGNER. How was the money expended?

The CHAIRMAN. How many people were deported?

Mr. WAGNER. During the fiscal year 4,517 people were deported.

The CHAIRMAN. Where transported from?

Mr. WAGNER. All over the United States, some came from the Pacific coast, some from the northwestern and northeastern sections of the country and others from the middle west and south. They are brought to New York if they are to be returned to Europe. If they go back to Canada or Mexico, of course, we transport them to the borders.

The CHAIRMAN. How does it happen that just an even $100,000 is for transportation?

Mr. WAGNER. There is no way of allocating those expenditures at this time; it was near as we could estimate. The total of the bills obligated and unpaid is $150,000.

The CHAIRMAN. There are two items that I am talking about. The transportation, of course, you ought to be able to allocate the amount paid?

Mr. WAGNER. The transportation charges are incurred during the entire year. The transportation companies do not send in their bills monthly; they sometimes delay submission of bills for five, six, or eight months. As the bills for other items came in the money was paid out and when we totaled our expenditures we found that we still owed this additional sum.

The CHAIRMAN. Of $150,000?

Mr. WAGNER. Yes, sir; for transportation and maintenance.

SALARY INCREASE OF MARINE FORCE—ADDITIONAL EMPLOYEES.

The CHAIRMAN. And you estimate that it is all due to the deportation of these 4,500 people?

Mr. WAGNER. Yes, sir. The money originally set aside was spent for other purposes. Four hundred and twenty-six people were added to the rolls shortly after July 1, and then we had other emergency expenses. For instance, we had to meet a salary award of the Chicago United States Railroad Labor Board in connection with our marine and power-house force.

The CHAIRMAN. What did they have to do with it?

Mr. WAGNER. That affected our marine force at the port of New York. These men claimed to be entitled to the same salary paid to other men operating Government-owned vessels in New York Harbor.

The CHAIRMAN. What did the United States Railroad Labor Board have to do with the marine question?

Mr. WAGNER. The board fixed the wages of railroad employees. Our men believed they were entitled to the same salary paid these men whose salaries were adjusted by the United States Labor Board.

The CHAIRMAN. How much of this deficiency is due to the increased number of employees—you said that 426 employees had been put into the service?

Mr. WAGNER. Yes, sir. That is what our records show. We spent that money for other purposes.

The CHAIRMDN. Why put them on?

Mr. WAGNER. To take care of this increase in immigration that arrived at the port of New York.

The CHAIRMAN. During the war, of course, there was no immigration and, I suppose, you reduced your force at Ellis Island?

Mr. WAGNER. Yes, sir.

The CHAIRMAN. It was necessary to put on these 426 additional employees to provide for the activities of the service?

Mr. WAGNER. Yes, sir; the immigration after the war.

The CHAIRMAN. How many of the people are kept on there now?

Mr. WAGNER. We are reducing our force each month. At the beginning of the fiscal year we had 2,027 employees in the force. At Ellis Island 728, and our present personnel at that station is 520; so we are making strong efforts to bring the force down.

Mr. HUSBAND. I inherited this item.

The CHAIRMAN. How much of this deficiency is due to an increase of salaries?

Mr. WAGNER. I do not know that it was due to an increase of salaries, except indirectly. We had to put on 426 additional people and increased the salaries of marine and power-house employees. The total cost of this increase in salaries was $34,297.36.

The CHAIRMAN. Have you a statement of the increases?

Mr. WAGNER. I have not those figures. I have here the number of people asked for, and we figured it out upon the basis of nine and a half months.

The CHAIRMAN. Did you feel that you were bound by any law to increase the salaries?

Mr. WAGNER. Yes, sir; we felt that in regard to the marine personnel. Of course, I can not speak for the former Secretary and Commissioner General. I can not say what the Secretary had in mind, but he directed that this be done.

The CHAIRMAN. When was it done?

Mr. WAGNER. That was done on September 15, 1920. That is when the increase for the marine employees went into effect.

The CHAIRMAN. Did the commissioner know then that he did not have a fund with which to meet those increased salaries?

Mr. WAGNER. The former Commissioner General realized that.

The CHAIRMAN. And he knew that he was obligating the Government for the payment of something that had not been appropriated for.

Mr. WAGNER. I believe he explained the entire situation to the Secretary of Labor. Of course, if that had been the only emergency expenditure we would have gotten along all right, but other items came up subsequently that had to be taken care of.

MAINTENANCE OF UNDESIRABLE ALIENS.

Mr. BYRNS. In your statement of expenditures, I notice an item of $50,000 for the maintenance of undesirable aliens unlawfully in the United States. I take it that that does not represent the total amount expended during the whole year for that purpose?

Mr. WAGNER. No, sir.

Mr. BYRNS. I was wondering why there should be such a large amount paid for that purpose. Why are they not sending them back promptly instead of keeping them here at the cost of the Government?

Mr. WAGNER. We are sending them back as promptly as possible. When we deport aliens, they are brought in from the west coast, we will say, to New York, and we incur maintenance expense there. The alien may be in detention at some point in the United States, and we must pay the cost of his maintenance until we can transport him across the country, and remove him to his foreign destination. Last year there were a great many aliens that could not be deported promptly.

Mr. BYRNS. Why?

Mr. WAGNER. On account of war conditions abroad and conditions in Russia. We had a great many aliens, as you probably recall from previous hearings, that were held in detention until we could get passage for them to Europe. While detaining them we have to bear the expense.

The CHAIRMAN. Are they allowed to be at large while we are paying their expenses?

Mr. WAGNER. Some of them are out on bond.

The CHAIRMAN. Do we pay their expenses when they are out on bond?

Mr. WAGNER. No, sir; not then; but we must pay their expenses until the Secretary of Labor grants authority to release them on bond.

The CHAIRMAN. To whom is this money due? It is due to somebody, is it not?

Mr. WAGNER. Yes, sir.

The CHAIRMAN. By whom are the bills rendered?

Mr. WAGNER. The bills are rendered by steamship companies, transportation lines, private individuals, jailers, and others. They submit their bills.

The CHAIRMAN. So that this money is actually due?

Mr. WAGNER. It is actually due now.

The CHAIRMAN. Is the amount exactly $50,000?

Mr. WAGNER. No, sir; I can not say that that is exactly the amount, but it is very near the amount; within a few thousand dollars of it.

The CHAIRMAN. How much do the bills that you already have on hand amount to, or the bills that you know of?

Mr. WAGNER. I went over that with the disbursing clerk last week, and we figured that $150,000 was what was still due?

The CHAIRMAN. How much of that has been submitted in the form of bills.

Mr. WAGNER. That I can not say. We estimated the amount from our allotment records and the records of the disbursing clerk's office.

The CHAIRMAN (interposing). You do not know whether this is too much or too little?

Mr. WAGNER. I am quite certain that it will be sufficient. We want to be on the safe side, because we do not want to come up here again and say we need more money.

The CHAIRMAN. You do not know how much more you are asking in this estimate than you need?

Mr. WAGNER. According to our figures the estimate comes within a few thousand dollars of the amount we actually need.

Mr. BYRNS. As I understand it, a part of this estimate is based on what you anticipate will come in. In other words, you expect that other bills will be rendered?

Mr. WAGNER. No, sir; this is based on our reports.

Mr. BYRNS. I thought you said that your bills did not amount to $150,000 at this time.

Mr. WAGNER. We have not gotten all the bills, but the field reports for the year total that amount.

Mr. BYRNS. Totaling $150,000?

Mr. WAGNER. Approximately $150,000.

The CHAIRMAN. If you had not paid these increased salaries, would you be obliged to come here for the $150,000?

Mr. WAGNER. Yes, sir; because we spent our money for other things of an emergency nature.

COST OF INCREASES IN SALARIES.

The CHAIRMAN. How much did the increased salaries cost?

Mr. WAGNER. That was $370,100.

Mr. HUSBAND. Not the increases. You are including the additional salaries.

The CHAIRMAN. I am talking about the increase of salaries?

Mr. WAGNER. That was about $50,000.

The CHAIRMAN. Are those increased rates being paid now for these marine employees?

Mr. WAGNER. Yes, sir.

The CHAIRMAN. What rate of increase was granted?

Mr. WAGNER. $540 increase for pilots and $420 increase for engineers.

The CHAIRMAN. What percentage of increase would that be?

Mr. WAGNER. I should say about 20 or 25 per cent.

The CHAIRMAN. That occurred in September of last year?

Mr. WAGNER. Yes, sir.

The CHAIRMAN. Was not that about the time salaries were going down everywhere?

Mr. WAGNER. It might have been; but so far as the unions were concerned, I do not think that it had any effect.

The CHAIRMAN. There has been an order issued by the Railroad Labor Board to reduce the pay of railroad men 12 per cent. Has any notice been taken of that action by you people?

Mr. WAGNER. We have not yet taken notice of it.

The CHAIRMAN. Do you propose to take notice of it?

Mr. WAGNER. That is a question for the Commissioner General.

Mr. HUSBAND. Does that cover all employees? I think the expenditures that Mr. Wagner referred to were for the marine employees and not for railroad employees.

The CHAIRMAN. He said that they were for marine employees.

Mr. WAGNER. The increases were made upon the basis of an award made by the Railroad Labor Board.

The CHAIRMAN. If the award of the Railroad Labor Board constituted the basis for the increase, is there anybody now to pay any

attention to the action of the Railroad Labor Board in decreasing such compensation?

Mr. WAGNER. I think so. I think we could very well take that feature up.

The CHAIRMAN. There ought not to be any question about that.

Mr. HUSBAND. I might say that our present total obligation for that service is very greatly reduced, because we have laid off four pilots and four engineers. We have cut the marine cost at Ellis Island something over $100,000. We have laid up two boats, and while the salaries of those who remain are still high, the number of them has been greatly reduced.

The CHAIRMAN. Of course, the principle involved is the same.

Mr. HUSBAND. It is the same; yes, sir.

The CHAIRMAN. Is there anything else you can say about this estimate of $150,000?

Mr. WAGNER. We owe the money.

Mr. HUSBAND. I will say this, that I inherited this when I came to the bureau. There was apparently a conference of the Appropriations Committee last spring, and Mr. Wagner and I came down and asked for $488,531.53 to cover a deficiency. That was in part an estimate, because the bills were not in. Even the vouchers were not in. We did not know, but we thought it would be about that amount. Mr. Good asked, "How much have you in now"? Mr. Wagner said, "We have $336,000 actually in," and we got $336,000. Had we received the total amount asked for at that time we would not be here now. We were granted an appropriation for what was in sight, but not for what was in anticipation.

The CHAIRMAN. This is the rest of it?

Mr. HUSBAND. The rest of the $488,531.

Mr. BYRNS. Really the committee by its action saved something, because if this is allowed, you will have received $486,000.

Mr. HUSBAND. We could not show that we needed all of it at that time, but they gave us what we could show.

DEFICIENCY FOR 1922.

The CHAIRMAN. Why do you have this total of $300,000 for 1922?

Mr. HUSBAND. The $300,000 for 1922 occurs this way: The bureau last year asked for an appropriation of $6,000,000 for the present year, and received $3,000,000. Admittedly $6,000,000 was a very extravagant estimate, but $3,000,000 would hardly keep the machine running as it ought to run. Two years ago, I think, an appropriation of $1,000,000 was made for the deportation of anarchists, or radicals. Last year we had the benefit of some $380,000 that was a balance from the previous year and that was reappropriated for deportation purposes last year, in addition to the regular appropriation. Our expenditures last year were upwards of $4,000,000, or about $3,800,000. A considerable part of that was for the deportation of 4,517 people. Now, this year out of the $3,000,000 that was given to the bureau we were able to segregate for transportation only $150,000. That was to cover the deportation and maintenance, as I understand it, all of our transportation expenses—including the deportation of aliens. We have started out this year deporting more people than we did last year.

NUMBER OF PERSONS DEPORTED.

The CHAIRMAN. How many are on your list?

Mr. HUSBAND. We have deported up to date 1,513 people, which would, if carried out at the same rate during the remainder of the fiscal year, bring the number to more than 4,500 people. We have in sight a few more than 1,200 aliens who are to be deported because they are in institutions.

The CHAIRMAN. Held in institutions?

Mr. HUSBAND. Not by us.

The CHAIRMAN. They are convicted of crimes?

Mr. HUSBAND. Yes, sir; and insane people and people who have become public charges. As I say, there are about 1,200 of them in institutions. We have $150,000 for the whole year, and we have already spent in the last three months $76,000 for the transportation item alone. We have not enough to do the deportation work. I will say that we are working very carefully and we are not incurring any expense for the deportation of people unless it is necessary. The law provides in section 23 that there shall be periodical examinations made of various penal institutions, insane asylums, and charitable institutions in the country for the purpose of finding aliens. That has not been done since 1908, and we would like very much to go over the whole situation and make a survey. That is better than it used to be, because certain institutions, particularly in certain States, are reporting the aliens there. That does not mean that they can be deported, because there are lots of strings to the deportation of aliens. I would like to send some of our officers to those institutions to go through them, and if we find people who should be be deported, we would like to deport them.

APPORTIONMENT OF 1922 APPROPRIATION.

The CHAIRMAN. Will you put a statement in the record, or give it to us now, if you have it, showing how you apportioned the $3,000,000 appropriated for 1922, showing the amount that was apportioned for transportation in connection with the deportation of aliens unlawfully in the United States, and for all the other purposes?

Mr. WAGNER. We set aside $150,000 of that sum for transportation.

The CHAIRMAN. Give us the apportionment of the entire amount.

Mr. WAGNER. We secure reports just before the end of the fiscal year from our 24 immigration districts. We ask them how much they would require to operate their respective districts for the year. They estimated the amount required for contingent and miscellaneous expenses for transportation, etc., and then we took the amount that Congress gave us and apportioned it according to what we thought we could afford to give them.

The CHAIRMAN. Do you make that calculation upon the basis of the appropriation or upon the basis of their estimates of their needs?

Mr. WAGNER. We make it upon the basis of the appropriation. For instance, they asked for one-third more than we gave them this year.

The CHAIRMAN. In making that apportionment you apportioned the $3,000,000 appropriated?

Mr. WAGNER. Yes, sir.

The CHAIRMAN. And not $4,000,000?

Mr. WAGNER. No, sir.

The CHAIRMAN. Have you got the figures of that apportionment?

Mr. WAGNER. As to each district?

The CHAIRMAN. Showing how you apportioned the $3,000,000.

Mr. WAGNER. Yes, sir; I can give you that. We allotted the money to 24 districts, and then we had a number of items charged to administration. For instance, district No. 1 said that it would require $45,000 to operate the service for the year.

The CHAIRMAN. What is district No. 1?

Mr. WAGNER. That is the Montreal border. We gave them $38,000.

The CHAIRMAN. How does that compare with the rate of expenditure?

Mr. WAGNER. That is less than they would expend ordinarily. That request was based on the yearly expenditure of the previous year, which was $45,000. When they said that they needed $45,000 for 1922 that was their estimate based upon the previous year's expenditures. We gave them $38,000 and told them that they would have to stay within that. Then we went right down the line and followed the same plan as to each of our immigration districts.

The CHAIRMAN. Give us the numbers and locations.

Mr. WAGNER. To the commissioner at Boston we allotted $27,000. He had asked for $40,000.

The CHAIRMAN. What is his monthly rate of expenditure?

Mr. WAGNER. That I can not say. It fluctuates, and one month he might have very heavy expenditures for supplies and contingent items and in the next month a much lighter expenditure. There is no way of telling that in advance.

The CHAIRMAN. Do you keep track of their monthly expenditures, or do you let them run wild?

Mr. WAGNER. We have monthly reports in which every item of expenditure is reported.

The CHAIRMAN. Does that come in at the first of the month?

Mr. WAGNER. The reports are supposed to come in about the 15th of the month, but they are usually a month behind, because we have a station at Honolulu, one at San Juan, one at Ketchikan, Alaska; one at San Francisco, one at Portland, Oreg.; and one at Seattle. They take 10 days to prepare their figures, and it is sometimes as long as 10 or 15 days coming in.

The CHAIRMAN. What do you do with those reports; analyze them?

Mr. WAGNER. Yes, sir. We consolidate them and enter them on our books.

The CHAIRMAN. When they are running over the amount of the allotment, what do you do?

Mr. WAGNER. We call their attention to the fact.

The CHAIRMAN. Is that all?

Mr. WAGNER. We also endeavor to find out why they are spending so much money. Then if it appears that the expenditures were absolutely necessary and could not be avoided, at the end of the first quarter, or the second quarter, we go over the allotments of all the districts and see what districts are not spending as much as we allotted. Then we readjust our allotments and submit same to the Secretary for his approval. The Secretary will go into the matter and if he approves it, the reallotments are made.

The CHAIRMAN. What does the Secretary do when it goes to him? Does he simply take your statement for it and sign it?

Mr. WAGNER. I can not say that. I send the memorandum to the commissioner general, who refers it to the Secretary.

The CHAIRMAN. Give us your allotments to the other districts.

Mr. WAGNER. To Ellis Island we allotted $225,000; to the New York Chinese office, $1,300; to Philadelphia, $20,000; to Baltimore, $2,000—I might say that they estimated $7,500, but we made a saving in that by closing up certain quarters, and cut down their allotment—to Norfolk we allotted $15,000; to Jacksonville, $5,500; to New Orleans, $9,000; to Galveston, $5,000; to Cleveland, $3,500; to Chicago, $9,000; to Minneapolis, $1,600; to St. Louis, $7,000; to Denver, $2,000; to Helena, $2,000; to Seattle, $35,000; to Portland, Oreg., $2,800; to San Francisco, $60,000; to Pittsburgh, $4,500; to Ketchikan, $1,500; to San Juan, $1,500; to Honolulu, $5,500; to the El Paso district, $87,500; and to Portland, Me., $3,000. Of course, some of those districts have a number of substations, and that covers the substations as well as the headquarters.

The CHAIRMAN. It covers all the territory embraced within each district?

Mr. WAGNER. Yes, sir. That was the amount allotted to the districts, totaling $574,200.

The CHAIRMAN. What became of the other $250,000?

Mr. WAGNER. I will come to that now. We set aside $150,000 for transportation and $2,000 for the refund of head tax. Where the head tax is erroneously collected, we have to refund it. Then for contingent expenses here in Washington——

The CHAIRMAN (interposing). What does that mean?

Mr. WAGNER. Rent for statistical machines used in connection with field work, etc. We maintain the machines here in Washington in order to tabulate statistical reports from immigration stations For the sake of convenience we call it a bureau contingent expense

The CHAIRMAN. How much is that?

Mr. WAGNER. For that we set aside $5,500. Then for the travel expense of officers in Washington we allotted $4,000; $3,500 for field supplies, which were allocated to the department at the beginning of the year as provided in the sundry civil bill. Then there is the cost of telegrams from the field, which the companies bill direct to the department. We therefore charge this item to administration and set aside $3,000 for that. That totaled $178,000 more, which made $752,200. Then, at the beginning of the year, we had a salary obligation of $2,856,133.

The CHAIRMAN. What was that for?

Mr. WAGNER. That is the salary obligation of the entire Immigration Service. That is the force we employ to operate the service.

The CHAIRMAN. Would not the allotments which you make include the allotment for salaries?

Mr. WAGNER. No, sir; we do not allot the amount for salaries to the districts. We charge that to administration and regulate it here from Washington, because the force is constantly changing. If we gave an officer at a certain station 10 employees he might think he would need those 10 employees all the time. We regulate the entire matter from here. The field officers report to us and demonstrate their needs, and the Commissioner General then passes on the ques-

tion of whether or not they shall have an increase or a decrease in force.

The CHAIRMAN. The $2,856,133 added to the $752,200——

Mr. WAGNER (interposing). That made $3,608,333. That was our status at the beginning of the year.

The CHAIRMAN. But you have not apportioned the appropriation. You have apportioned what you call your needs.

Mr. WAGNER. Only as to salaries. We have not spent the money. I think perhaps the Commissioner General would like to explain his viewpoint about that.

The CHAIRMAN. The point is the law requires you to apportion the $3,000,000.

Mr. WAGNER. We have started in the year with what might be termed, perhaps, a "potential deficiency," but we intend to come within the appropriation before the end of the year, and with that in view have reduced our force by 309 employees since the 1st of July. That represents a yearly salary obligation of $360,000.

The CHAIRMAN. Then you have two hundred and some odd thousand dollars yet to take up?

Mr. WAGNER. $366,965 would be the annual salary saving on the basis of those salaries, whereas the net saving to date on the same number would be $260,000.

Mr. HUSBAND. If I may explain, I presume that seems a little strange to the chairman, but we had to shape our force to what might be expected under this 3 per cent law. Under the terms of the law the yearly immigration might have come in within five months, because 20 per cent of the total is admissible in any one month. We knew perfectly well that the first five months were going to make the trouble for the service, and that has been true. For example, as Mr. Wagner has said, we have succeeded in cutting down our yearly salary obligation $360,000 and have kept the business going, and it has been very difficult, especially at Ellis Island, but from now on the way is clear for constantly reducing the expenditures there for the reason that immigration that gives the trouble, southern and eastern European immigration, will be exhausted during the first five months, or anyway the first six months, leaving only northern and western Europe to draw from, and that immigration moves through very rapidly. There are very few detentions.

The CHAIRMAN. The point I would like to impress upon you is that in making these allotments the law provides that the entire amount of the appropriation shall be allotted by months or quarters or in such way as the Secretary may decide under the law, and that contemplates that no allotments shall be made in excess of the total amount of the appropriation, and that the expenditures shall keep within the allotments, unless the allotments are waived. Of course, if you fail to do that you are not obeying the law.

Mr. WAGNER. I believe what the bureau had in mind was keeping within the appropriation, but it could not on July 1 stop functioning at Ellis Island and elsewhere and immediately drop 600 employees in order to reduce the amount sufficiently to bring the allotments within the $3,000,000. Of course these are paper figures. We have not exceeded the appropriation in any way. We have only spent $916,000 of it.

The CHAIRMAN. Of the $3,000,000?

Mr. WAGNER. Yes; so we have not gone beyond the amount appropriated, but it was necessary to take this means of shaping our course, so that we would not have everything come at one time.

The CHAIRMAN. But, after all, your expenditures for the entire year, according to your own estimate here—and you would not be here if it was not for that—will be $300,000 above the appropriation, if we assume you are going to get this amount appropriated.

Mr. WAGNER. And if we continue at the same rate of expenditure we are going at the present time.

The CHAIRMAN. Is it proposed to reduce the present rate of expenditure?

Mr. WAGNER. Yes, sir; we are doing that right along each month.

The CHAIRMAN. So you would not need the $300,000?

Mr. WAGNER. That $300,000 is for deportations.

The CHAIRMAN. Was it not contemplated that the $3,000,000 would cover the cost of deportations and all other activities?

Mr. WAGNER. Congress may have considered that would be the proper amount, but our estimate, while I will say it was excessive, was nearer $6,000,000 than it was $3,000,000, and Congress cut it in half. Four million dollars would have been a fair estimate, I think, for the year.

The CHAIRMAN. If $4,000,000 is a fair estimate, how do you figure you are going to get along with $3,300,000?

Mr. WAGNER. We will necessarily have to stop performing some of our necessary work.

Mr. HUSBAND. I think perhaps Mr. Wagner means they were taking it on the basis of past experience. It is perfectly evident that operating under this percentage law was going to make possible a reduction of expenses, but at the time those estimates were made, the percentage law was not in operation and there was no assurance that it would be.

The CHAIRMAN. Did I understand you to say this morning that you had already deported 1,700 this year so far?

Mr. HUSBAND. One thousand five hundred and thirteen.

The CHAIRMAN. Within this fiscal year?

Mr. WAGNER. Yes, sir.

The CHAIRMAN. And you contemplated deporting 1,200 more?

Mr. WAGNER. No; we have 1,200 more in institutions, but we may have a number of others that are not in institutions that would be public charges, for some reason or other, and subject to deportation.

Mr. HUSBAND. On the basis of the experience for the past four months we would deport somewhat over 4,500 during the year.

The CHAIRMAN. That is about what you deported last year?

Mr. HUSBAND. That is what we deported last year; yes, sir.

The CHAIRMAN. Out of what fund was the cost met of those who have been deported this year?

Mr. WAGNER. Out of the general appropriation for the expenses of regulating immigration.

The CHAIRMAN. Out of this $3,000,000?

Mr. WAGNER. Yes, sir.

The CHAIRMAN. What leads you to suppose you will not be able out of this $3,000,000 to take care of the balance of the deportation for the rest of the year?

Mr. WAGNER. Because the estimates of the districts as to the amounts they will require to maintain their stations, exclusive of salaries and transportation and the items charged to administration here in Washington, total $1,000,000, and we cut them down one-third right at the beginning of the year. On that basis we allowed $150,000 for transportation.

The CHAIRMAN. And how much of that have you expended?

Mr. WAGNER. We have spent $76,797 during July, August, and September, and that would make just $302,000 if we continue at the present rate.

The CHAIRMAN. But if you reduce your force below what it is now, as you contemplate, you might save a sufficient amount to meet this obligation?

Mr. WAGNER. It will take quite a reduction to make up $300,000.

The CHAIRMAN. But you say you have reduced the force at the rate of $366,000.

Mr. WAGNER. That is on a yearly basis.

The CHAIRMAN. Of course.

Mr. WAGNER. That is not the net saving. The total actual saving is $260,000, because some of these people were dropped on July 1, some in August, some in September and October.

Mr. HUSBAND. I think I see what you mean, Mr. Chairman, and I will say that if we could save this $300,000 by further reduction in the force, then we would not have the force to do the work with.

The CHAIRMAN. Then you would not need to incur this expense.

Mr. HUSBAND. The $300,000 would mean keeping a force for this particular work which otherwise would have to go and the work would not be done; that is, as I figure the thing.

DEPORTATION COST PER CAPITA.

The CHAIRMAN. Have you any figures to show what the total cost per capita is for those deported, including maintenance, transportation, and everything?

Mr. WAGNER. It would be difficult to give the exact figure.

The CHAIRMAN. You might not be able to give it to us in the individual cases, but you might give the average.

Mr. WAGNER. I might say, approximately, $250 for each person. That takes the aliens from the Pacific coast to New York and then across the pond.

The CHAIRMAN. And keeps them in the institutions where they are to be kept while they are to be held in this country?

Mr. WAGNER. While they are in institutions, of course, we do not pay for them, but after we pick them up and take charge of them and put them in institutions, we bear the expense, and we also bear the expense of maintenance in jails and in other places pending decision of the Secretary of Labor as to whether the alien is unlawfully within the United States.

Mr. BYRNS. As I recall, there was some criticism during the past administration of delays in decisions with reference to persons who were here awaiting deportation. Has that been corrected?

Mr. WAGNER. I think it has been corrected. We are up to date on our work in the bureau. I think Mr. Husband made a report to the Secretary two weeks ago saying we were up to date in all our deportation work.

Mr. HUSBAND. We were current two weeks ago last Saturday night for the first time within the memory of any one in the bureau.

NUMBER OF IMMIGRANTS.

The CHAIRMAN. Can you give us any idea of the total number that have come into this country as immigrants since the first of the year and the number the previous year so as to compare them?

Mr. HUSBAND. I may say roughly it is about one-half this year.

The CHAIRMAN. 1920 would not be a good year to compare with, would it?

Mr. HUSBAND. No. We will have this year approximately what we had two years ago, I think, which was 430,000 immigrant aliens, 191,575 nonimmigrant aliens, or a total of 621,576. That was in the fiscal year 1920.

Mr. WOOD. What do you mean by a nonimmigrant alien?

Mr. HUSBAND. A nonimmigrant alien is one who comes for a temporary stay. They have to be examined, but they are not counted as permanent immigrant aliens.

The CHAIRMAN. If the total number of aliens this year will not exceed half the number last year, I would like to ask you how you reconcile the fact that last year you had $3,086,000, including the deficiency appropriation, and this year, if you get this deficiency appropriation, you will be getting $3,300,000 for one-half the number?

Mr. HUSBAND. I think last year, Mr. Chairman, they had three separate appropriations. As I recall, the total expenditures in regulating immigration last year were three million seven hundred and some odd thousand dollars.

The CHAIRMAN. That is not what our record shows.

Mr. HUSBAND. No, sir; that is true; but they had reappropriated the balance of the anarchists' deportation fund.

The CHAIRMAN. So that it was three million and how much?

Mr. WAGNER. There was $384,000 of an unexpended balance, and then there was an appropriation of $300,000 additional.

The CHAIRMAN. Out of what fund?

Mr. WAGNER. It was entitled "Enforcement of the law against alien anarchists," but it was all for the regulation of immigration; and then there was another fund. We also had $100,000 for deportation of aliens, old cases, so-called. They were cases that had been accumulating for five years during the war period, and we had $100,000 the preceding year, in addition, and the unexpended balance of that was about $28,000.

The CHAIRMAN. So that it amounted to how much altogether?

Mr. WAGNER. It totaled $3,748,000.

The CHAIRMAN. Even assuming it was $3,748,000 for 1921 as against $3,300,000 for 1922, including this anticipated appropriation, and you only had half the number this year that you had last year, how do you reconcile that?

Mr. HUSBAND. I will explain that, Mr. Chairman. The reduction comes at two points, practically, New York and Boston, with some little reduction at Philadelphia. That is, they are the places that would feel the effects of the law reducing immigration. The borders, the Mexican border, the Canadian border and every other loop hole

requires a greater expenditure because there is a greater effort to get in surreptitiously.

The CHAIRMAN. You mean you do not reduce your expenditures in the same proportion?

Mr. HUSBAND. Oh no.

The CHAIRMAN. And any reduction you make must be made at those two points?

Mr. HUSBAND. It must be made practically at those two points; and at Ellis Island, of course, is the biggest expenditure of all, and the overhead, the laborers, the watchmen and the expenditures for coal and the expenditures aside from the number of persons actually engaged in examining immigrants, can not be reduced very much.

The CHAIRMAN. It would cost you so much for coal whether you had any immigrants there or not?

Mr. HUSBAND. No; if we could get rid of the immigrants altogether, then of course we could shut off some of the plants; but to-day, for reasons over which we have no control—and it has been so under this law—there has been a tendency to bring them all in in the first part of the month. Then many stay on our hands for the rest of the month. The detentions are very much greater than they ever were before, and I think I explained why this morning, and while there is a saving, and we are saving and will be able to save, because of the operation of the new law, the saving has to come from practically those two points.

The CHAIRMAN. At those points you can not save much on the physical needs of operation?

Mr. HUSBAND. No, sir; indeed our savings at New York have been largely in getting rid of surplus steamboats and launches that were used.

The CHAIRMAN. Is it possible to still further reduce that?

Mr. HUSBAND. That is down to the minimum. I hoped to reduce it somewhat the last time I was over there last week, but I am afraid we have now gotten practically to the limit of saving on the physical aspects at Ellis Island.

The CHAIRMAN. Regardless of how low the immigration may be?

Mr. HUSBAND. No; that would not be true. I mean on the anticipated immigration, because, while we are going to have about as much immigration during the rest of the fiscal year as we have had during the past four months, I think, it is coming from a different source and it will be much easier to handle it. There will be fewer detentions and less time taken in examination.

The CHAIRMAN. How much are you asking for this service for 1923?

Mr. HUSBAND. I think it is about what we would have this year if we got this $300,000. I think it is around $3,300,000.

Mr. BYRNS. Mr. Husband, I understand you are asking for this year practically the same amount you had for last year for deportation expenses?

Mr. HUSBAND. No.

Mr. BYRNS. I understood that statement to have been made.

Mr. WAGNER. In what way, sir?

Mr. BYRNS. In other words, that your allotments for deportation expenses for this year are practically the same as the expenses for the same purpose last year.

Mr. WAGNER. I see your point. We spent almost $500,000 for the transportation and maintenance of aliens last year. We have set aside $150,000 for that purpose this year.

Mr. BYRNS. And you now want $300,000 more, which would make $450,000 altogether?

Mr. WAGNER. Yes, sir.

Mr. BYRNS. As I stated awhile ago, I know there was some criticism, I do not know whether it was well founded or not, that the Government was being involved in considerable more expense than it ought to have been involved in under the last administration, on account of delays in passing on these deportation cases, keeping men in jail and keeping them under supervision, etc., while the cases were going through the course of procedure to final decision. If you are not current and propose to keep current during this year, as nearly as possible, why is it necessary to have so much money, because you will save something in the way of maintenance, if the other criticism was justified?

Mr. HUSBAND. We will save something, but how much is a question. The delays in determining cases at the bureau or at the department are expensive, but the instances of long detentions are rather rare in any case. They are usually handled expeditiously. We are current now and we will save a little, but it is not a great amount, and it would be impossible to say how much that would amount to.

The CHAIRMAN. If these people are not deported, I assume the expense of their maintenance while they are kept in this country would fall on the States?

Mr. HUSBAND. They do in public charge cases, and they do in the case of the insane, but there is a certain class of cases where they are not an expense to the State. For example, we take criminals when they have served their term and deport them. If we do not deport them they are not an expense to anyone. They are simply at large.

Mr. WOOD. They might become an expense?

Mr. HUSBAND. You can not tell what the expenses might be. The public charges are people who are public charges on private or municipal charities, boards of charity in the cities. That is another thing; I have told the deportation authorities that they must not figure on wholesale deportations after this present month.

PERSONS ADMITTED UNDER BOND.

The CHAIRMAN. You say that you are up current now with the deportation work?

Mr. HUSBAND. In the bureau.

The CHAIRMAN. But they have not been shipped?

Mr. HUSBAND. No, sir.

Mr. WOOD. Where a person is admitted under bond and it is afterwards determined that they should be deported, that does not involve any cost to the Government?

Mr. HUSBAND. It depends on the bond. I think I know what you mean. There are few people admitted on bonds that provide that their departure shall be without cost to the Government. The bond provides that they shall not become a public charge, but only very rarely do the conditions of the bond provide that at the end of the time the person must be taken out without expense to the United States.

The CHAIRMAN. Where you admit them on bond and where you have to deport them, the cost is borne by the Government?

Mr. HUSBAND. They are usually deported at the expense of the steamship companies, and the cost on land is borne by the Government. We have each month practically, I think, 10 a year, collecting trains that go from the East along the borders and pick up Chinamen usually who are to be deported to China, and as they get near the Pacific coast they pick up aliens who are to be deported the other way to Europe, and they are finally brought together from the interior to this train which will arrive in New York with 8 or 10 cars sometimes from the last station, which is at Cleveland or Buffalo.

The CHAIRMAN. Do you consider, from the standpoint of the improvement in our citizenship, these expenditures for deportation meritorious?

Mr. HUSBAND. Oh, yes. It is one thing that the alien does not like to face.

The CHAIRMAN. If we make the appropriation we are making it for the advancement of the standard of our citizenship?

Mr. HUSBAND. Absolutely, Mr. Chairman. You take the misfits, those who have been failures, tried and found wanting, you get them out. At the same time it is a lesson to the neighbor that it is up to him to behave himself or he will go.

IMMIGRANTS IN EXCESS OF QUOTA—MAINTENANCE.

Mr. BYRNS. Mr. Commissioner, are there many arrivals at Ellis Island and other ports in excess of the 3 per cent quota?

Mr. HUSBAND. There have been up to this month. This month has finally, I think, solved the problem. In June, that was the first month, the excess was around 11,000. Then it dwindled from that to five or six hundred a month, until last month it was very much smaller, some two or three hundred, and this month—I was looking at the figures yesterday—there have been not more than half a dozen, apparently, in excess.

Mr. BYRNS. As I understand, this excess is sent back at the expense of the steamship companies that brought them over?

Mr. HUSBAND. Yes, sir.

Mr. BYRNS. Does that include the cost of subsistence here?

Mr. HUSBAND. Yes, sir.

Mr. BYRNS. It includes all the cost?

Mr. HUSBAND. No, sir. We have a real leak in our expenditures. The immigration law says that the cost of maintenance on land of these people held for examination or who are detained until they are admitted, shall be borne by the steamship company or the transportation company which brought them. Always up to the present time it has been construed that the cost of maintenance on land is the cost of food. Soap, water, and service of that kind is not included and never has been in the cost of maintenance on land, except in the hospitals. I went into that carefully, at least I got them at Ellis Island to do so, to try to see what they could add that would be a fair and reasonable addition to the cost of maintenance on land. They have decided now, as I recall it, that the cost is about 55 cents a day over and above the cost of food.

The CHAIRMAN. And you are going to assess them?

Mr. HUSBAND. Now, we have, say, a thousand aliens—we had last night about 1,900 at Ellis Island, and often it costs from nine hundred to a thousand dollars a day, which, I think, the steamship companies ought to pay. I think that is right, even if it is necessary to change the law in order to bring it about. I think that we ought to not only charge for the food, as we do now, but for the towels and soap and the other things which we hope to add to it.

The CHAIRMAN. If that is not maintenance, what is it?

Mr. HUSBAND. I do not know why it is not maintenance. I know that it has never been regarded as maintenance. I suppose we keep the people outside of the hospital at an expense of 50 cents a day.

Mr. WAGNER. It costs 80 to 90 cents a day at some places; 18 to 19 cents a meal.

Mr. HUSBAND. I am speaking of New York. Fifty to sixty cents a day we are charging the steamship companies for the cost of maintenance. Canada has a special rate, I understand, of $1.75 a day to cover everything.

The CHAIRMAN. That would cover the proportionate expense of maintaining the buildings?

Mr. HUSBAND. That is it.

The CHAIRMAN. I think it should.

Mr. BYRNS. And if they come over in great numbers the extra personnel required?

Mr. HUSBAND. I think so. I am working now on a plan, which may result in turning over the maintenance of all aliens to the contractor who now feeds them.

The CHAIRMAN. Including everything?

Mr. HUSBAND. Yes, sir. We would charge him a nominal rent for the quarters and we would charge him a nominal fee for the service of guarding, heating, and everything of that sort, if I can work out what I want to.

The CHAIRMAN. If you made a contract to cover that, then you would be entitled to a full return?

Mr. HUSBAND. Then if we contract with him we will let him do business with the steamship companies and will bill the steamship companies direct.

Mr. BYRNS. You anticipated the question that I intended to ask. That would also have the effect of making the steamship companies even more careful than they are now?

Mr. HUSBAND. It would. The steamship companies, if they have to deport an alien, want to deport him right away, take him right back; but it frequently happens that an alien is ready for deportation, he is ordered deported, and he goes upon the boat for deportation, and then there is pressure brought to bear upon the department to stay the deportation for 10 days for the introduction of additional evidence. That means taking him off the boat, bringing him back to the island. You can not deport him in 10 days. It may be a month or two months before another ship of that line is going out. Consequently he is held at the cost of the steamship company all the time, but not for the steamship company.

The CHAIRMAN. Not altogether at the cost of the steamship company under the plan which you say has been in vogue?

Mr. HUSBAND. It is all right up to date. They are getting a bargain even if we keep the people six months. They have no com-

plaint, and they do not complain, as a matter of fact. Once in a while some one does. If we were to charge the actual cost of maintenance on land to the steamship company, I think it would be fair where the alien's friends or some Member of Congress or some Member of the Senate is responsible for our detaining a person for any additional time, after the case is all settled the service ought to be charged for, but the alien's friends ought to pay it.

The CHAIRMAN. Ought to bear the burden?

Mr. HUSBAND. Yes, sir.

The CHAIRMAN. If you can not work that out in any reasonable time, please let us know, so if any legislation is needed we can get it through.

Mr. HUSBAND. They had that up with the law division, and at first there was some question about it, but it seems to me—I am not a lawyer—that the words "cost of maintenance on land" mean more than the three meals a day which they have.

The CHAIRMAN. There is a medical charge added sometimes?

Mr. HUSBAND. That is on a cost basis. They pay $2.75. If we put a person in the hospital, they have to pay for that.

The CHAIRMAN. I wish you would keep us in touch with the situation, because I should very much like to see that put into operation.

Mr. HUSBAND. I think that would be only fair. But we ought to expedite deportation wherever it is possible.

REFUND OF IMMIGRATION FINES.

The CHAIRMAN. We have two or three other items which seem to be formal matters?

Mr. HUSBAND. I will just read this: Expenses of regulating immigration, 1923, $1,000. For refund of immigration fines erroneously assessed and collected from the Pacific Mail Steamship Co. This fine was assessed for an alleged violation of section 10 of the immigration act. After a review of the evidence, the Secretary of Labor found that the fine was not incurred, and so notified the collector of customs at Honolulu, Territory of Hawaii. Unfortunately, a c ange of collectors was made while the case was pending before the department, and through inadvertence the new collector covered the deposit into the Treasury to the credit of "Miscellaneous receipts."

Mr. WAGNER. They transferred those items from 1922. We had that originally on the 1923 estimates.

Mr. HUSBAND. Expenses of regulating immigration, 1923, $40. For refund of immigration fine erroneously assessed and collected from the Whitney-Bodden Brokerage Co., Mobile, Ala. This money was inadvertently covered into the Treasury as an immigration fine by the special deputy collector of customs, district No. 19, Mobile, Ala., said sum having been deposited with him pending decision by the Secretary of Labor for failure of the master of the American schooner *Coniscliffe* to furnish a report of four alien members of this crew. In this instance the Secretary of Labor decided that no fine had been incurred.

Expenses of regulating immigration, 1923, $50. For refund of immigration fine erroneously assessed and collected from Alfredo Sabordo, master Cuban tug *Caibarien* at Tampa, Fla. This item represents a deposit of $50 with the collector of customs at Mobile,

Ala., to cover a fine, if assessed by the Secretary of Labor, for failure to present a proper crew list of five alien members of the crew of said vessel. The Secretary ruled that no fine had been incurred, but through inadvertence the collector of customs covered the amount into the Treasury.

The CHAIRMAN. After the money had been covered into the Treasury it was not possible to rebate it without an appropriation?

Mr. HUSBAND. No, sir.

THURSDAY, NOVEMBER 10, 1921.

WOMEN'S BUREAU.

STATEMENTS OF MISS MARY ANDERSON, DIRECTOR, AND MISS LILLIAN LEWIS, CHIEF CLERK.

TRAVELING EXPENSES AND PER DIEM EXPENSES OF FIELD AGENTS.

The CHAIRMAN. Will you be kind enough to give your full name and position?

Miss ANDERSON. My name is Mary Anderson, and I am director of the Women's Bureau under the Department of Labor.

The CHAIRMAN. You are asking for——

Miss ANDERSON (interposing). For a deficiency of $1,800.

The CHAIRMAN. You are asking a deficiency of $1,200 for 1920 and $600 for 1921?

Miss ANDERSON. Yes, sir.

The CHAIRMAN. How did those deficiencies occur?

Miss ANDERSON. The deficiency of $1,200 occurred in the month of June, and it is on account of the railroad fare and per diem allowance of agents in the field. The other deficiency occurred, also, because of railroad fares and an underestimate on account of the retirement fund. That amounts to $600.

The CHAIRMAN. Was there a balance in this appropriation for 1920 turned back into the Treasury, or would there have been sufficient money in the appropriation to pay these bills if they had been presented before the end of the fiscal year?

Miss ANDERSON. I think not. I think there was a very small item turned back into the Treasury.

The CHAIRMAN. These are claims that are already audited and approved?

Miss ANDERSON. Yes, sir. We were on an investigation at the time and could not possibly call in our agents, and we had to finish that investigation. In June last we called in our agents for two weeks, but the other deficiency was due to a miscalculation in regard to the retirement fund.

The CHAIRMAN. In what way?

Miss ANDERSON. We had persons on our staff that were not accounted for in the retirement fund.

The CHAIRMAN. You had more on your staff than were appropriated for?

Miss ANDERSON. No, sir; we have a lump sum of money, and we were making a very intensive investigation at the time. Last June we were investigating Maryland, and we felt, of course, that there would not be much railroad fare in Maryland, or not much railroad fare from here to Maryland. Therefore if it had not been for the underestimate of the retirement fund, I think that perhaps we would have come out just about even.

Miss LEWIS. May I say a word there, because I probably know more about the retirement fund mix-up than Miss Anderson does? The disbursing clerk of the Department of Labor made his deductions upon the basis of the people we had on the 1st of July.

The CHAIRMAN. The deductions from the pay?

Miss LEWIS. Yes, sir; and it was my impression as the chief clerk keeping track of the accounts that as the new people were put on the roll he increased the deductions, but I found at the end of the fiscal year that he had not done so. We found that he had only deducted for the first group, the deductions amounting to $594, whereas the full amount that should have been deducted was $1,000. That made a difference of $400 in the retirement fund, and there was a deficiency of $200 in the travel expense.

The CHAIRMAN. As I understand you, $600 of this is to be credited to the retirement fund?

Miss LEWIS. Yes, sir.

The CHAIRMAN. And the $1,200 also?

Miss LEWIS. No, sir; the $1,200 is entirely on account of railroad travel and the per diem for the month of June, 1920. We had 10 people in the field in June, and there was a considerable amount of railroad travel. The railroad bills had been held back on account of not being billed by the railroads. The per diem was paid, but the railroad fares piled up. That is entirely on account of travel.

The CHAIRMAN. The bills did not reach you in time.

Miss LEWIS. That is true, and some of the bills have not been rendered yet.

The CHAIRMAN. The item of $600 is to rectify a mistake by the disbursing officer who did not make the deductions?

Miss ANDERSON. It was a mistake between the disbursing officer and myself, because there was a misunderstanding between us.

The CHAIRMAN. Is there any way to get it back from the people from whom the deductions should have been made?

Miss ANDERSON. The money was taken out by the Treasury.

The CHAIRMAN. But it was not placed to the credit of this fund?

Miss LEWIS. It was not placed to the credit of the fund.

The CHAIRMAN. It was spent for other purposes?

Miss LEWIS. Yes, sir; it was spent for other purposes, and principally for travel in field investigations.

THURSDAY, NOVEMBER 10, 1921.

UNITED STATES EMPLOYMENT SERVICE.

STATEMENT OF MR. FRANCIS I. JONES, DIRECTOR GENERAL, AND MR. WADE H. SKINNER, ASSISTANT DIRECTOR GENERAL.

The CHAIRMAN. You are asking for three deficiency items here, one for 1920 of $400, one for 1921 for $3,500, while for 1922 you are asking the small sum of $200,000.

Mr. JONES. Yes, sir.

TELEGRAPH AND TELEPHONE SERVICE.

The CHAIRMAN. It will be very agreeable to the committee if you will be good enough to explain those first two items in detail.

Mr. JONES. The $400 simply represents bills that came in, and I understand that they were not provided for in the budget. That covers telegrams and other little matters that came in after the close of the year. They did not come in during the fiscal year.

The CHAIRMAN. If they had come in during the fiscal year, would you have had money enough to pay them?

Mr. JONES. I think not; no, sir; or that is my information.

The CHAIRMAN. You are not sure?

Mr. JONES. I imagine there was no money. The bills were incurred in the field by some directors for telegrams. They came in and the director general was not aware of the fact.

The CHAIRMAN. Is the entire amount for telegrams?

Mr. JONES. For telegrams and I understand some for telephone service.

The CHAIRMAN. You are not very careful about how you use the wires, apparently. What is the telegraph expense for your branch of the service in a year?

Mr. JONES. Yes, we are very careful. It varies according to the requirements. This year it will run a little heavy on account of the President's unemployment conference which requires considerable extra work. They asked us to make a special survey, in a limited time and there was considerable extra money spent in order to make that survey for the President's unemployment conference.

The CHAIRMAN. Tell us somewhere near what it averages a year.

Mr. JONES. Sometimes the expense is extra. This is about $400.

The CHAIRMAN. For a year?

Mr. JONES. That was for this additional survey that we made. It varies according to the development of the business, and as matters come up that need immediate attention. The only thing to do is to handle such matters by wire. Sometimes they are important and sometimes not. In the State of Washington, during the harvest season, they stated that they needed additional men to take care of the farm work, and that was something that could not be delayed. They wired in, and we wired back giving authority to employ additional men in that work in order to take care of the farm requirements. Then in our field service, we have Mr. Barkman in Kansas City, and that work must be done in a hurry.

The CHAIRMAN. You have not told us what the average amount has been per year for telegraph and telephone service.

Mr. JONES. It will vary from $1,200 to $2,000.

The CHAIRMAN. I wonder if it would surprise you if I told you that out of 1,000 telegrams that I receive, I would not consider it important to answer more than five of them by wire?

Mr. JONES. Well, we feel that if we are going to do this work as it should be done, and especially farm work, that it should have immediate attention in the transfer of men from one place to another. That is something that requires immediate action, and it can not be deferred.

The CHAIRMAN. You do not defer it by writing a letter.

Mr. JONES. It would take, perhaps, two days for a letter to go from Kansas City to Fargo, and where it requires immediate attention, it can be done by wire in half an hour.

The CHAIRMAN. What is the thing that needs immediate attention, or what is it that the telegram takes care of? Just illustrate it by stating what a typical telegram would accomplish.

Mr. JONES. We will say that a request comes in for 200 men, and that comes, perhaps, from Fargo or Minneapolis, where we have farm bureaus, and two days when wheat is ripening means a great deal.

The CHAIRMAN. What do you do as a result of the telegram?

Mr. JONES. We get our men together as quickly as possible and send them on.

The CHAIRMAN. Do you mean you send men to cut wheat?

Mr. JONES. Yes, sir; to the harvest fields.

The CHAIRMAN. Do you keep them on a waiting list?

Mr. JONES. We gather them together at the various offices we have, and we have temporary offices during the harvest season. We have one permanent office at Kansas City and one at Sioux City, Iowa, and then during the busy season we open many temporary offices. That work is quick work, and if the work is to be done effectively, wiring is the only thing you can do.

Mr. SISSON. Why do not the people who need these laborers pay some of those bills? If I needed laborers and the Government was socializing rapidly enough to furnish me the labor, I would at least want to save the taxpayers the expense of the telegrams.

Mr. JONES. Let us take farm work, for instance, and before the United States Employment Service took it in hand, chaos reigned.

Mr. SISSON. There is nothing but order that sort of thing reigning now?

Mr. JONES. No, sir; but we have a system whereby the assistance can be given. No complaints have come to us this year except one from Texas, and later on the Senator wrote us another letter saying that there was no basis for that complaint. We believe that we did a good job. We recruited between sixty and sixty-five thousand men through chambers of commerce and other civic bodies, and 29,000,000 of acres of wheat were harvested through the means of this service.

The CHAIRMAN. At the present time do farmers apply to you for help?

Mr. JONES. I have not that record here; but that is kept at Kansas City. We have there a record of the work that is being performed.

The CHAIRMAN. I know many farmers in my own section of the country, and I know that when they need people to do their work, they hunt them up themselves.

Mr. JONES. They did that at one time, but they did not always harvest their crops. They are harvesting their crops now.

The CHAIRMAN. Yes; they harvested their crops.

Mr. JONES. But they had a great deal of trouble.

Mr. KELLEY. As I understand it, this $400 represents deferred bills for about four months.

Mr. JONES. Yes, sir.

Mr. KELLEY. As I understand it, your expense for this purpose is about $1,200 a year.

Mr. JONES. It varies according to the conditions. At the present time, under the great emergency, there is a little more expense.

Mr. KELLEY. The deficiency of $400 would represent four months of delayed bills for telegrams?

Mr. JONES. As I understand it, it was for telegrams and a little expense for telephone connections in the field. There was some telephone expense connected with it.

The CHAIRMAN. That was for 1920?

Mr. JONES. Yes, sir.

The CHAIRMAN. That is all that you can say about it?

Mr. JONES. Yes, sir.

TRAVELING EXPENSES IN CONNECTION WITH SALE OF FURNITURE.

The CHAIRMAN. Tell us about the deficiency estimate of $3,500 for 1921.

Mr. JONES. That $3,500 represents travel expenses incurred in connection with the selling of furniture, and also for wiring done in the same connection. That was incurred in connection with the sale of furniture belonging to the United States Employment Service. There was about $38,000 worth of furniture, or we realized that amount from its sale, and it was expected that that money would be turned back to the United States Employment Service, but, instead of that, it was turned back to the Treasury and the United States Employment Service was not reimbursed for this travel expense in connection with the sale of the furniture.

The CHAIRMAN. Why did you expect to have the money turned over to the Employment Service?

Mr. JONES. I do not know, but it was charged up to them. Railroad bills came in for this expense incurred in the sale of the furniture. As I have said, $38,000 was realized from the sale of the furniture.

Mr. WOOD. Was this furniture out West somewhere?

Mr. JONES. It was located throughout the country.

The CHAIRMAN. Was that the amount received for the furniture, or was that the amount it cost?

Mr. JONES. That was the amount received. It cost a little more than that. I think that in some places they got about the cost, however, because furniture had increased in value. I am told that there was but little loss in selling the furniture.

Mr. BYRNS. Did you send representatives to those various places?

Mr. JONES. Yes, sir; we sent them from one place to another.

Mr. BYRNS. You knew, of course, that this work that had been carried on previously would have to be discontinued in certain sec-

tions of the country where you had established offices, and you had up to the end of the fiscal year, I suppose, representatives at these various offices?

Mr. JONES. No, sir; not at all of them. When the appropriation failed, those officers were no longer in the service.

Mr. BYRNS. Did you wait until the end of the fiscal year for which the appropriation was made before you made any effort to sell the furniture?

Mr. JONES. That furniture was stored and there was no effort made to sell it until the necessity arose to sell it.

Mr. BYRNS. Inasmuch as you had advance notice that the appropriation had failed, I was wondering why you did not take steps to sell the furniture through the agency of the employees at these various offices.

Mr. JONES. May I say that this occurred before I was director general of the service?

Mr. BYRNS. I am referring to the service.

Mr. JONES. As you understand, when the service was discontinued the men in charge of those offices were discontinued, or their services were discontinued, and there were no responsible parties there.

Mr. BYRNS. The point of my inquiry is this: If I had an office established somewhere and I had advance notice that on a certain day that office would be closed, it seems to me that I would take steps at the proper time before actually closing the office to dispose of what I had there, so that when the appropriation did end all of this furniture would have been sold. It seems to me that that much expense could have been saved by that sort of action, rather than wait until the last day and then start to sell the furniture by sending some one out there at considerable expense in the way of transportation.

Mr. WOOD: What happened was this: You remember that about two years ago, or, perhaps, during the last days of the war, the gentleman then in charge of this service down there conceived the idea of establishing employment agencies all over the United States for the employment of all kinds of people, and for that purpose he asked about $5,000,000 as an initial step or as a sort of beginning. He had established some of these offices all over the country, for the support of which he did not get a cent, and they had to abandon them.

Mr. JONES. Do not ever give me $5,000,000, because it would be more than I could efficiently spend; but we are asking for money with which to do a definite piece of work. With regard to selling this furniture, I believe that $3,500 for selling $38,000 worth of furniture is a small amount, and it is less than it could have been sold for by almost any other agency. I am inclined to believe that you could not do business on a lower basis than that.

The CHAIRMAN. Will you be kind enough to tell the committee whether these claims have been audited and approved?

Mr. JONES. They have been audited by the disbursing clerk.

The CHAIRMAN. Have they been audited by the accounting officers?

Mr. JONES. Yes, sir; I think they were audited by the disbursi officers.

Mr. SKINNER. They are in the disbursing office awaiting paym and there are absolutely no funds with which to pay them.

Mr. GALLIVAN. You did not sell all of this furniture, but you gave a lot of it to other departments. For instance, the prohibition offices took most of that furniture.

Mr. JONES. Yes, sir.

Mr. GALLIVAN. Yes; Mr. Volstead was again in action there. Some of it went to the Census Office, and some of it was used in furnishing a new immigration building at Boston. I think you equipped that whole building in Boston.

Mr. JONES. Yes, sir. This is only the expense incurred in the way of transportation in the selling of this furniture.

Mr. CANNON. This furniture was bought how?

Mr. JONES. It was bought out of a fund available for that purpose during the war.

Mr. CANNON. That was done under the director of this bureau or service?

Mr. JONES. Yes, sir; under the Department of Labor.

Mr. CANNON. About what time did they purchase it?

Mr. SKINNER. That was purchased in 1917 and 1918. They had 900 offices throughout the country, and they secured something like $350,000 or $400,000 for it.

Mr. CANNON. And you are getting rid of the furniture by transferring it to other branches of the Government service, and what you could not transfer you sold?

Mr. JONES. Yes, sir.

Mr. CANNON. How much was sold?

Mr. JONES. $38,000 worth was sold.

Mr. CANNON. Did you sell it all?

Mr. JONES. We are checking up now, or we are making inventories. There is some furniture.

The CHAIRMAN. I understood you to say that they had 900 offices.

Mr. JONES. Yes, sir.

The CHAIRMAN. How many have you now?

Mr. JONES. We have none of the United States Employment Service, but we do cooperate with the States.

There are some 200 offices that are being operated, some by the States and some by the municipalities, which we cooperate with and furnish the equipment.

ALLOTMENT OF 1922 APPROPRIATION.

The CHAIRMAN. The next item is for $200,000. You have an appropriation for the year 1922 of $225,000. Has that been allotted under the law?

Mr. JONES. It has; yes, sir.

The CHAIRMAN. How was it allotted?

Mr. JONES. It is allotted to the States.

The CHAIRMAN. In monthly or quarterly allotments?

Mr. JONES. Monthly.

The CHAIRMAN. Did the allotment exceed the amount of the appropriation?

Mr. JONES. It is not exceeding it to-day.

The CHAIRMAN. The allotment is not in excess?

Mr. JONES. It is not in excess.

The CHAIRMAN. Will the appropriation be exceeded?

Mr. JONES. We hope to be within our appropriation.

The CHAIRMAN. What is the average monthly expenditure under this appropriation, and what is the unexpended balance as of the 1st of November, if you can tell us?

Mr. JONES. I want to make an explanation, if you please.

The CHAIRMAN. We shall be glad to have you make that explanation, only answer the question first.

Mr. JONES. We expended in July, August, and September, $57,020.54. The farm work is heavier in June, July, and August, if you please. July was $3,431.99; August, $2,581.01, and September, $963.10.

Mr. GALLIVAN. Is that in addition to the $57,000?

Mr. JONES. No, sir. That is in the distribution. You see, the farm work is seasonal and it costs us more money for March, April, May, June, July, and August, and not so much for September.

The CHAIRMAN. The latter part of the year it does not cost so much?

Mr. JONES. No, sir.

The CHAIRMAN. I notice that your expenses for July for administration were $5,045.09, industrial employment survey, $4,499.77, field representatives, $3,431.99—I suppose that is cooperation with the States?

Mr. JONES. Yes, sir.

The CHAIRMAN. Field States $4,532.74, junior division $2,073, making the total for July $19,532.59.

August, for administration $4,498.02, industrial employment survey $5,801.94, field representatives $2,581.01, field States $4,773.40, junior division $1,848.67, making the total $20,003.04.

September, administration $4,824.65——

Mr. JONES (interposing). There was quite a drop there.

The CHAIRMAN. Yes, sir. Industrial employment survey $4,986.69, field representatives $963.10 field States $4,999.10, junior division $1,711.37, making a total of $17,484.91, or a total for the three months of $57,020.54, leaving an unexpended balance of $167,979.46?

ADMINISTRATION.

Mr. JONES. Yes, sir. May I go into the administration, Mr. Chairman?

The CHAIRMAN. We would like very much to have you tell us about the administration: what it consists of, and what is it costing in proportion to the total.

Mr. JONES. The administration to-day is $10,000 less than when I took office. It was then some $5,500 a month. It is now $4,384. There is a saving made in the administration of about $20,000 or more.

The CHAIRMAN. $3,600 a month would be about the average?

Mr. JONES. Yes, sir; in addition to that are our forms that we supply to the various States and the printing. That makes the difference—and some little travel. Occasionally I must go away, and my assistant in charge of the junior work must travel some.

The CHAIRMAN. Please tell us what the junior work means.

Mr. JONES. The work in connection with the guidance and placement of juniors, those from 16 to 21, or in some States they go to work a little earlier than that. It is in connection with the schools; it is really constructive work. It is placing the young boy, trying to find the right vocation in life; it is guidance and placement work.

The CHAIRMAN. What is the industrial survey?

Mr. JONES. That is this bulletin [indicating] that is published monthly.

The CHAIRMAN. That is not field work?

Mr. JONES. That is the industrial employment survey.

ACTIVITIES.

The CHAIRMAN. How do you accumulate the information that goes into the bulletin?

Mr. JONES. The country is divided into nine geographical areas, and we have a representative in each one of those areas. Then we have special agents distributed all through the country, $1-a-year men. They are performing good service in supplying this information from the 1,438 firms. All of you gentlemen got a copy of this survey?

The CHAIRMAN. I think so. Field representatives—what is that activity?

Mr. JONES. That is in the farm work.

The CHAIRMAN. That is entirely farm work?

Mr. JONES. Yes, sir.

The CHAIRMAN. Field States?

Mr. JONES. Those are the States that we cover in our allotments to the States.

SALARY OF FIELD OFFICERS—LOCATION OF OFFICES.

The CHAIRMAN. How many field offices does the United States Employment Service maintain?

Mr. JONES. We have not any office in the field, except our district directors have offices, and most of them are located in the offices of the States, at their courtesy; they give us desk room.

The CHAIRMAN. You pay no rent?

Mr. JONES. I think there are two places. We are getting away from that now. In Virginia, through the Treasury, we expect to have space in the Government building there.

The CHAIRMAN. What do you pay the field men?

Mr. JONES. They vary from $3,000 to $3,600. Their salaries have recently been adjusted as of November 1, when we sent them word that their salaries were to be reduced. The highest price is $3,600.

The CHAIRMAN. How many are there?

Mr. JONES. There are nine.

The CHAIRMAN. They are at the headquarters of each of the nine divisions?

Mr. JONES. Yes, sir. Shall I tell you where they are?

The CHAIRMAN. I wish you would, please. When stating the location, please tell us the compensation paid.

Mr. JONES. Yes, sir. District No. 1, Boston, Mass., 306 Appraisers' Building, $3,600. That takes in the New England States.

District No. 2 comprises New York, Pennsylvania, and New Jersey. The salary beginning November 1 is $3,600. It was $4,500 a year. We have classified them. Some of them will come back smiling and will speak of their interest in the work. These men are very high-grade men, many of them engineers who have had long years of training. They are a very fine type of man.

District No. 3 takes in Illinois, Michigan, Iowa, and Indiana. The salary there is $3,600. There is no rent attached there.

The CHAIRMAN. Please give us the headquarters of each one.

Mr. JONES. 116 North Dearborn Street, Chicago.

Mr. GALLIVAN. What is the location of the headquarters of District No. 2?

Mr. JONES. 120 East Twenty-eighth Street, in the State and industrial commission. At their courtesy we are provided with room there.

Mr. GALLIVAN. The headquarters at Boston are located in the appraisers' building?

Mr. JONES. Yes, sir; there is no rent in Boston.

No. 4, 317 East Eighth Street, Kansas City, compensation, $3,600.

The CHAIRMAN. What is the territory and area?

Mr. JONES. The area there takes in Kansas, Nebraska, South Dakota, North Dakota, Missouri, and Minnesota.

District No. 5, headquarters at Richmond, Va. That is where the Treasury has said that they will give us space in the Government building. At present the headquarters are at 610 Virginia Railway & Power Building.

The CHAIRMAN. Please tell us the territory there and the compensation.

Mr. JONES. Delaware, Maryland, District of Columbia, Virginia, West Virginia, North and South Carolina, Georgia, and Florida. The compensation at present is $4,000. That will be adjusted. There will be no compensation greater than $3,600.

Mr. CANNON. Do they travel?

Mr. JONES. Yes, sir; they travel throughout their district, perhaps, once in three months. They make trips, but we expect that they will cover their entire district once in three months.

Mr. CANNON. Who pays for that travel; do they pay for that out of the $3,600?

Mr. JONES. No, sir; it is paid by the Government.

I want to say, if you please, that there was hardly any expense connected with the survey of district No. 1, the Boston district, because the contacts were the kind that were very valuable in supplying the information. He had made his contacts and traveled earlier and developed his district to such an extent that the information came in very accurately.

Mr. BYRNS. There may be a very good reason for it. I notice in your statement as to the States assigned to district No. 4, headquarters in Kansas City, that you have Minnesota in that list?

Mr. JONES. Yes, sir.

Mr. BYRNS. I was just wondering why that was not attached to the Chicago headquarters. It seems to me that that would save some transportation, possibly?

Mr. JONES. This plan is in accordance with the grouping of the United States census.

Mr. KELLEY. You put the wheat and farming States together?

Mr. JONES. Yes, sir.

District No. 6, headquarters at Louisville, Ky. That is in the post-office building there. Compensation, $3,000. That district includes Tennessee, Alabama, Kentucky, and Mississippi.

District No. 7 is New Orleans, 207 Federal Building; compensation, $3,500; and includes Arkansas, Louisiana, Oklahoma, and Texas.

District No. 8, 303 Customs Building, Denver, Colo.; compensation, $3,600. That includes Wyoming, Montana, Idaho, Colorado, New Mexico, Arizona, Utah, and Nevada.

District No. 9, that is San Francisco, Calif., 1318 Hewes Building, and the compensation there is $3,600. We have a rent charge there of $600. We hope that we can get away from that. We are trying hard to do so.

Mr. CANNON. The railroad fares are paid in all of this travel. Is there an extra per diem allowed when they travel?

Mr. JONES. There is a $4 per diem, but they have to put their hands in their pockets in order to meet the expense, because $4 does not cover it. You can not go into a hotel in Chicago and get a room for less than $3 a day, and they must eat while there.

The CHAIRMAN. I should like to have you state, if you will, how you arrive at the amounts that you allot to the field States?

Mr. JONES. We make as good a deal as we can. I will tell you.

The CHAIRMAN. How many State offices do you cooperate with?

Mr. JONES. May I read you the list, Mr. Chairman?

The CHAIRMAN. Yes, sir.

Mr. JONES. California, Connecticut, District of Columbia, Illinois, Indiana, Kansas, Massachusetts, Michigan, Minnesota, New Jersey, New York, Ohio, Oklahoma, Wisconsin, Arkansas, Iowa, Kentucky, Oregon, Rhode Island, Texas, Virginia, Alabama, Arizona, Colorado Georgia, Missouri, Nebraska, North Carolina, South Dakota, North Dakota, and Washington. We have recently opened an office in cooperation with the Service Citizens of Delaware.

Statement of appropriation and expenses, 1921–22.

INCOME.

Appropriation $225,000

OUTGO.

Month.	Administration.	Industrial employment survey.	Field representatives.	Field (States).	Junior division.	Total.
July	$5,045.09	$4,449.77	$3,431.99	$4,532.74	$2,073.00	$19,532.59
August	4,998.02	5,801.94	2,581.01	4,773.40	1,848.67	20,003.04
September	4,824.65	4,986.69	963.10	4,999.10	1,712.37	17,484.91
Total	14,867.76	15,238.40	6,976.10	14,305.24	5,633.04	57,020.54

Amount of appropriation	$225,000.00
Amount of expenses to date	57,020.54
Balance of appropriation	167,979.46

COOPERATION OF STATES AND MUNICIPALITIES.

The CHAIRMAN. You cooperate with each State where it has an employment agency?

Mr. JONES. In the States that have a service operated by the State or the municipalities. There are a few States that have not any service. Delaware did not have any service and so I went up there about nine weeks ago and conferred with the mayor, the representatives of the American Legion, and of the Central Labor Bureau; we had a meeting at the mayor's chambers and I went back and the office was established and the Service Citizens of Delaware subscribed $10,000. We detailed a capable woman to assist them in functioning the office. We furnished the furniture—we had some stored in Gloucester and some in New York—and we supplied the forms and franking privilege. Perhaps it would interest you to see the work that we are doing there.

The CHAIRMAN. Yes, sir; we shall be very glad to have you tell us of that.

Mr. JONES. This was opened shortly before the President's unemployment conference. This is the work they are doing. We are cooperating with them. We stimulated that and got that service going. That is the emergency work that we are endeavoring to do.

The CHAIRMAN. Through the newspapers?

Mr. JONES. That is a letter. It shows the advertising work they are doing. They are doing wonderfully good work.

Mr. ANTHONY. Where is this?

Mr. JONES. At Wilmington, Del.

Mr. ANTHONY. What is the work?

Mr. JONES. They are placing men in jobs, finding jobs for them. I think that Mr. Pierre du Pont is considerably interested. He contributed, I think, considerable money. I know that the Senator was very pleased to know that we had established the service there.

The CHAIRMAN. Let us get back to the question which I asked you. How do you make the allotments to the States—are you making a fixed allotment or are you making a contract?

Mr. JONES. We ceased to make contracts, we make as good a deal as we can. I will tell you about Massachusetts. They wanted to cooperate with us and we wanted to cooperate with them. We went there and arranged a deal whereby we are paying them a certain amount of money. Connecticut got $200 last year and they are getting $110 this year, and yet we are getting the same kind of cooperation this year. We try to get as good a deal as we can.

The CHAIRMAN. You have been very interesting in your statement of the case.

Mr. JONES. I thank you for your courtesy.

The CHAIRMAN. I notice that your present activities are within the amount allotted?

Mr. JONES. Yes, sir.

The CHAIRMAN. You have already spent $57,020.54 and you have a balance unexpended of $167,979.46, which would be, if properly distributed throughout the rest of the year, all that you would need?

Mr. JONES. That is to take care of our fixed obligations assumed at the beginning of the fiscal year——

The CHAIRMAN (interposing). The present activities?

Mr. JONES. Yes, sir.

The CHAIRMAN. What we want to know is this: Why, in the face of that situation, you come here and ask for $200,000 more?

Mr. JONES. There is a great emergency on. We find this, that we do find jobs for men if we have offices whereby we can cooperate. If you will permit me to read this, please?

The CHAIRMAN. Yes, sir; we would be glad to have you read it.

Mr. JONES. This is the President's unemployment conference. That conference was composed of about 60; 16 represented labor and about 44 represented industry and capital. As I understand, this was the resolution:

RESOLUTION.

The committee on employment agencies and registration in re the United States Employment Service.

The committee on employment agencies and registration is strongly of the opinion that the work of the unemployment conference can and should be greatly aided in its work by the United States Employment Service. It finds, however, that the Employment Service is crippled by lack of funds. It therefore urges that Congress be asked to appropriate $400,000 to enable the United States Employment Service to operate in the interstate field by:

(1) Cooperation with the emergency employment agencies erected by the State's municipalities.

(2) Informing States in which there is scarcity of labor of the situation in States where there is surplus of labor of the kinds desired.

(3) Securing and compiling information on employment opportunities throughout the country.

The CHAIRMAN. Please tell us, in the face of that resolution, what you would do with the $200,000?

Mr. JONES. We would do the same thing that we did at Wilmington, Del. We are getting letters from the mayors and so on, from chairmen of the civic and betterments committees—I think that Col. Woods has been in touch with mayors throughout the United States, and in turn he sends us that information and we are expected to go out and help them to establish and function the employment offices.

Mr. ANTHONY. Why should not the State employment people take charge of such an activity as that in States which have employment offices?

Mr. JONES. It has to be headed up, and some of the States have already expended every dollar; they have not any money; they are crippled for lack of funds.

Mr. ANTHONY. It seems to me that a State which does not encourage such an agency is lacking in public spirit?

Mr. JONES. I agree, but it needs some one to start the work as I did in Wilmington. To-day there is a fine community spirit there. They are back of the service, and they are going to do better work.

Mr. GALLIVAN. They subscribe generally?

Mr. JONES. Yes, sir.

Mr. GALLIVAN. How much is that costing the Government?

Mr. JONES. To-day we have a woman there, paying her $150 a month.

Mr. GALLIVAN. That is all it is costing us?

Mr. JONES. Let me say this: You were asking about the per diem. I have made it one of our policies where we detail a person to a place for a period, like at Wilmington, to make that her official station, saving $4 to the Government per day.

The CHAIRMAN. You make that her official domicile?

Mr. JONES. That is her official station. I feel that is good business for our department. We are trying to make a dollar earn 100 cents.

NUMBER OF UNEMPLOYED.

The CHAIRMAN. How much unemployment is there, if you know?

Mr. JONES. In the special survey that we made covering 35,430,910 people, there were 2,301,488 people out of work.

The CHAIRMAN. How does that compare with six months ago?

Mr. JONES. Our survey made in that way showed that there was an increase of 1½ per cent in employment over the preceding date and that there was one-half of 1 per cent in August and September. Last month there was an increase in labor, but in the automobile industry there was an active decline and greater unemployment.

The CHAIRMAN. What is the opinion of the Labor Department as to whether the peak of the unemployment has been reached?

Mr. JONES. I can not speak for the Labor Department; I can only speak for my own bureau.

The CHAIRMAN. For your bureau?

Mr. JONES. We believe that between now and January there is going to be a great deal of unemployment. Seasonal labor is over and the building trades will cease in many locations.

The CHAIRMAN. They have not started yet.

Mr. JONES. They did start in some places; they started in Chicago.

The CHAIRMAN. No; not at all.

Mr. JONES. Didn't Judge Landis's opinion, which was given two weeks ago, settle the Chicago dispute.

Thd CHAIRMAN. Nobody accepted his decision.

Mr. JONES. I know they did not, Mr. Chairman. The information that we got the same day—I think some one sent a wire to me——

The CHAIRMAN (interposing). My information is that they have not started to any extent.

Mr. JONES. I am glad to know that.

The CHAIRMAN. Is is not the fault of the people that they are not willing to invest, but the men will not accept the situation.

Mr. JONES. You know our service is not engaged in any controversies about the advancing or lowering of wages. Our service is simply a service for finding men jobs.

The CHAIRMAN. If there are three men for every job, what assistance could you render men in finding jobs?

Mr. JONES. We can do this—we can accelerate work. For instance, I do not know, Mr. Chairman, what your business is, but perhaps if you are in the mercantile business, you send a man out to develop business.

The CHAIRMAN. My business is right here. I have not any other business.

Mr. JONES. Well, for instance, you send a man out to look for business; perhaps it is dull, but if you get your man out, he finds a little business here and there, and we find jobs where really there seem to be none existing, but by having men out looking for work and finding some work here and there, we do find jobs for men where there seem to be none existing. Another thing, if you please, this service distributes the surplus labor where labor does not exist, and

then, again, we keep the men from traveling and getting them in congested districts, saving trouble, perhaps, that may occur like it occurred in London where there was a $5,000,000 fire because men could not get work, and they gathered together there from all sections. In our work we do just that. We assist men by diffusing this information where employment is and where no employment exists.

The CHAIRMAN. Now, will you be kind enough to tell us how you would employ this $200,000? That is what we are interested in.

Mr. CANNON. In that same connection, I would like to know how many men you have directed to jobs?

Mr. JONES. In cooperation with the States last year, through the service, there were 1,356,000 directed to work. Had they been obliged to have gone to private agencies, you know how they would have been robbed. You know how they do in Chicago.

The CHAIRMAN. You do not mean to say that every man who applies for work goes to an employment agency?

Mr. JONES. No; we did not direct all of them.

The CHAIRMAN. And you do not mean to say that one man out of 1,000 goes to an employment agency in looking for a job?

Mr. JONES. They should, though.

The CHAIRMAN. But they do not, and therefore they do not get robbed.

Mr. JONES. I mean they should come to the public employment service for a job. I underestimated that number. There were 1,360,431 men who were directed to work through the public employment service.

Mr. SISSON. Did they work?

Mr. JONES. Indeed, they did, sir; so our information is. The wheels of industry turned.

Mr. KELLEY. Of course, most of that employment would be furnished by the State agencies in the locality where there is such an agency, and I take it your function is to be a sort of clearing house for the States?

Mr. JONES. It is.

Mr. KELLEY. In a situation like this, where the depression is pretty general, people are not moving about from one State to another to get employment very much, are they?

Mr. JONES. I will tell you what happened the other day. There was one concern in the State adjoining yours, Mr. Chairman——

The CHAIRMAN (interposing). There are several States adjoining Illinois, which State was it?

Mr. JONES. It was Indiana. This concern advertised, "We want 100 men," and they carried that advertisement in three papers. Our man got right on top of the job, and he found out in connection with the service there that they did not need 100 men; and when they found out what it was, they said, "We want these 100 men to stand along the line here so as to speed up our other men and keep them on the job." That is what our service did. We prevented 100 men traveling there and looking for a job when there was no job for them. That is what our service does. It is to keep men from going from one place to another looking for work where there is no work.

COOPERATION WITH MUNICIPALITIES IN THE OPENING OF UNEMPLOYMENT OFFICES.

The CHAIRMAN. Now, will you get back to what you are going to employ this $200,000 for?

Mr. JONES. Mr. Chairman, we propose employing that in the way we did in Wilmington. A greater amount of unemployment than there is to.day we believe is going to exist in January, February, and March, and we hope throughout the country to get the mayors and the civic bodies to establish a central bureau where men can come to apply for jobs and where people who have jobs can leave their opportunities, and we will head that up and supply them up with the necessary forms, etc.

The CHAIRMAN. Do you not think the localities throughout the country are sufficiently interested in the employment of their own people to devise some plan to help them without being directed by the Federal Government?

Mr. JONES. If you please, I am going to say no. They are interested, but they do not know how to get together. They do not get together. There is a little friction that exists here and there and somebody has got to go there to bring them together. There is always a little jealousy. There is perhaps some men who have big plants who may not feel kindly about the matter, and perhaps some working men who may not feel kindly in bringing them together to let them know that their interests are identical. This work can be done for the general welfare. I am of the opinion that this little piece of money, $200,000, can do more good for this Government in establishing employment offices than any other money that the Government can appropriate.

Mr. GALLIVAN. In establishing these offices, of course, you do not expect to establish them on $200,000 unless the States cooperate. In other words, the various States must cooperate?

Mr. JONES. Yes.

The CHAIRMAN. If this $200,000 is appropriated, it is not your idea to open Government offices throughout the United States, but rather to cooperate by inducing the local communities to open their own offices, and then you can give them some assistance in a directory way?

Mr. JONES. That is what we propose doing, to head the thing up. After the President's Unemployment Conference recommended that the employment service be given $400,000 I felt, of course, it was the President's conference and representing as it did some 70 per cent of the capitalists of the country, that they wanted us to have the $400,000, and in order to meet that and be prepared for it I called the conference and had a gentleman here from Illinois and Mr. Fred Croxton, whom you probably know, from Ohio, who is the outstanding man in public employment service work, and this is the report of the eight men who called here, showing how we are going to expend this money in a way that will produce results.

Mr. KELLEY. In the Delaware case you put in about $1,800 there?

Mr. JONES. That is not going to be for the year. This woman is not going to be there permanently. She is only to be there for a period of three months, and then we will send her somewhere else to do the same kind of work. That is only to start the thing and get it headed up.

Mr. KELLEY. Assuming it were on the basis of a year, it would give you about 110 of these offices?

Mr. JONES. Yes, sir; on that basis.

Mr. KELLEY. On the basis of three months it would give you about 450 offices?

Mr. JONES. We are figuring this on the basis of about seven months.

Mr. KELLEY. Or about 250 offices, is that what you have planned?

Mr. JONES. We do not know yet how many offices we will be able to establish. It will depend upon the attitude of the communities. If the community does not show a spirit of cooperation, if a community feels that they are not interested in their problems, then why should we be. That is the way we feel. We feel that they must cooperate with us and then we will cooperate with them. We will help them if they are willing to help themselves, but we are not going to spend any money unless they feel it is their problem, too.

Mr. KELLEY. And the $200,000 on the basis of your Delaware experience would open up about 250 offices for six months?

Mr. JONES. Yes.

Mr. KELLEY. Did you intend to use this $250,000 for any other purpose except that?

Mr. JONES. For the emergency purpose. We have not any other purpose.

May I read, Mr. Chairman, this statement of our plan and policy for expending this $200,000. This is addressed to the Director General of the United States Employment Service.

The CHAIRMAN. You may put that in the record.

(The statement referred to follows:)

OCTOBER 22, 1921.

Hon. FRANCIS I. JONES,
Director General United States Employment Service,
Department of Labor, Washington, D. C.

SIR: In response to your call for a conference "for the purpose of formulating plans and policies dealing with the emergency unemployment situation" we have given careful consideration to the methods whereby the United States Employment Service can render the most effective service in carrying out the recommendations of the recent conference on unemployment called by the President.

The report of the committee on employment agencies and registration of the President's conference, approved and adopted by the general conference, states that—

"It is strongly of the opinion that the work of the unemployment conference can and should be greatly aided in its work by the United States Employment Service. It finds, however, that the employment service is crippled by lack of funds. It therefore urges that Congress be asked to appropriate $400,000 to enable the United States Employment Service to operate in the interstate field by—

"(1) Cooperation with the emergency employment agencies erected by the States and municipalities.

"(2) Informing States in which there is scarcity of labor of the situation in States where there is surplus of labor of the kinds desired.

"(3) Securing and compiling information on employment opportunities throughout the country."

Your committee has confined itself to the consideration of the period from the present date until June 30, 1922, and if funds are made available as recommended by the President's conference committee, your committee unanimously recommends the following plans:

"1. In any State in which an employment system now exists or may be established all Federal employment work should be carried on through the State official responsible for the supervision of the public employment work within such State, by—

"(a) Making available for use by such State official a limited amount of money for the purpose of providing one or more thoroughly competent organizers or supervisors

of employment offices, where, in the opinion of the director general and of the State official, such supervisors are necessary.

"(b) Making available for use by such State official a limited amount of money for the purpose of employing one competent worker in any new office which the local community or the State may finance and support satisfactorily. For example, the State director of one of the most important industrial States reports that applications are now before him from 14 cities for assistance in organizing local offices, and the State is absolutely unable to meet this demand. Similar conditions prevail in other States.

"(c) Making available for all cooperating offices, however financed, the franking privilege and also blanks and standard forms. Furthermore, the Federal Government should make available office equipment where such equipment is now the property of the employment service and is reasonably accessible. The Federal Government should not be expected to purchase new equipment or to rent office quarters.

"2. In any State in which no State employment system exists, or may be created, the Federal Employment Service, in the discretion of the director general, should be expected to assist in establishing an office in any locality which will satisfactorily finance the undertaking, maintain reasonable standards of work, and cooperate with other offices. Such assistance may well be limited to trained guidance in installing the office and furnishing some trained worker through the emergency period in addition to the franking privilege, blanks, and forms, etc.

"3. The director general should have a small force of well-trained and thoroughly competent men to keep in touch with State officials having charge of public employment work and to assist in establishing new offices under the direction of such State officials, or under the direction of the director general in municipalities in States without an employment system.

"4. The Federal Government should, through the office of the director general and through State and municipal offices, provide for the collection, compilation, and circulation of statistical and other employment information. Such information will be most helpful in developing and maintaining satisfactory standards of work, and will greatly facilitate interstate transfer of labor, or prevent such transfers as may bring hardship to applicants for work.

"5. In each community where a public employment office exists, such office should cooperate fully with any emergency committee created as recommended by the President's conference, to meet present conditions and the public office should be made the centralized point at which applicants for work and jobs available are listed. In many cases such offices will need strengthening by the local emergency committee.

"6. Your committee believes that no attempt should be made in any city to register all unemployed, but that a central place (or in larger cities several places properly coordinated) should be provided at which all seeking work may be registered and all available jobs listed, and every opportunity for work discovered, and the applying workers referred to such jobs.

"7. Your committee heartily concurs in and desires to emphasize the findings of the President's conference that:

"Competent and impartial executive direction and staff personnel is essential, in order that applicants may be properly selected on the basis of fitness for specific work, and thus the confidence of employers and workers be secured.

"In selecting personnel for the serious business of this emergency work, no consideration should be allowed other than fitness for its performance.

"Energy and skill in management of the service will certainly facilitate the connection of men with work, and will more directly locate and develop opportunities for employment otherwise not ascertained."

Respectfully submitted.

FRED C. CROXTON.
FRED KLEINSMITH.
HARRY LIPPART.

The CHAIRMAN. Now, will you be kind enough to supplement what you have already said in giving us the States with which you cooperate by telling us if you can, and if you can not give the information now you can supply it later for the record, how many officers each of those States has, including the municipal officers?

Mr. JONES. I have not that information here but will be very glad to supply it for the record. I would also like to put in the pay roll at the time I took office and also the pay roll of to-day.

(The statement referred to follows.)

Location of offices of United States Employment Service, Department of Labor

State.	City.	Location.
Alabama	Birmingham	City Hall.
	Mobile	Customhouse Building.
Arizona	Phoenix	121 North Second Avenue (administrative and local office).
Arkansas	Little Rock	Room 129a, State Capitol (administrative and local office).
California	San Francisco	933 Mission Street (administrative office).
	Fresno	1834 Kern Street.
	Do	Chamber of Commerce.
	Oakland	City Hall.
	Do	410 Tenth Street.
	Sacramento	915 Second Street.
	San Jose	176 South Market Street.
	Stockton	200 South San Joaquin.
	Los Angeles	207 South Broadway.
Colorado	Denver	State Capitol (administrative office).
	Colorado Springs	
	Pueblo	
	Grand Junction	
Connecticut	Hartford	Do.
	New Haven	
	Bridgeport	
	Waterbury	
	Norwich	
Delaware	Wilmington	
District of Columbia	Washington	1410 Pennsylvania Avenue (Federal Director).
Georgia	Atlanta	318 State capitol (administrative office).
	Augusta	Y. M. C. A.
	Columbus	Do.
	Waycross	Chamber of Commerce.
	Savannah	
	Macon	
Idaho	Lewiston	
	Pocatello	
Illinois	Chicago	116 North Dearborn Street (administrative office).
	Do	344 East Thirty-fifth Street.
	Do	105 South Jefferson Street.
	Aurora	13 North Broadway.
	Bloomington	404 North Main Street.
	Danville	Chamber of Commerce.
	Decatur	226 East North Avenue.
	East St. Louis	26 North Main Street.
	Joliet	412 Van Buren Street.
	Peoria	512 South Adams Street.
	Quincy	
	Rockford	118 North Wyman Street.
	Rock Island	1915 Fourth Avenue.
	Springfield	208 North Fourth Street.
Indiana	Indianapolis	State House (administrative office)
	Evansville	129 Upper Fourth Street.
	Fort Wayne	620 Barr Street.
	La Fayette	5 Court Street.
	Muncie	Courthouse.
	Terre Haute	525½ Ohio Street.
	Hammond	Courthouse.
	Gary	
Iowa	Des Moines	114 Courthouse.
	Sioux City	
Kansas	Topeka	State House (administrative office).
	Do	122 West Sixth Street.
	Hutchinson	1004 South Main Street.
	Kansas City	543 Minnesota Avenue (rear).
	Salina	City Building.
	Parsons	Elk Building.
	Wichita	618 East Douglas Avenue.
	Emporia	
Kentucky	Frankfort	State Capitol (administrative office).
	Louisville	Sixth and Court Place.
Louisiana	New Orleans	626 Maison Blanche Annex.
Massachusetts	Boston	469 State House (administrative office).
	Do	23 Pearl Street.
	Springfield	47 Water Street.
	Worcester	Green Street.

Location of offices of United States Employment Service, Department of Labor—Contd.

State.	City.	Location.
Michigan	Detroit	306 Owens Building (administrative office).
	Batt'e Creek	
	Bay City	
	Flint	
	Grand Rapids	
	Jackson	
	Ka'amazoo	
	Lansing	
	Marquette	
	Muskegon	
	Saginaw	
	Traverse City	
Minnesota	St. Paul	612 Bremer Arcade (administrative office).
	Minneapolis	316 Guardian Life Building.
	Duluth	219 Fargusson Building.
	Do	329 West Michigan Street.
	St. Paul	343-347 Minnesota Street.
	Do	212-213 Guardian Life Building.
Mississippi	Meridian	Administrative office.
	McComb	City hall.
	Laurel	Do.
	Hattiesburg	Do.
	Jackson	Do.
Missouri	St. Louis	11 North Seventh Street (administrative office).
	Kansas City	317 East Eighth Street.
	St. Joseph	110 North Seventh Street.
Montana	Kalispell	
Nebraska	Lincoln	State House (administrative office).
	Do	1019 North Street.
	Do	201 Temple Building (State University).
	Scottsbluff	Chamber of Commerce.
	Omaha	City Hall (room 109).
New Jersey	Trenton	State House (administrative office).
	Atlantic City	13 South North Carolina Avenue.
	Camden	Fifth Street and Taylor Avenue.
	Jersey City	571 Jersey Avenue.
	Newark	9-11 Franklin Street.
	Do	202 Bank Street.
	Perth Amboy	
	Paterson	
	Red Bank	
	Bayonne	
New York	New York City	124 East Twenty-eighth Street (administrative office).
	Do	129 Worth Street.
	Do	112 West Forty-sixth Street.
	Do	58 Cooper Square.
	Albany	132 State Street.
	Buffalo	257 Washington Street.
	Brooklyn	310 Jay Street.
	Syracuse	120 West Jefferson Street.
	Rochester	
	Mineola, Long Island	
	Manhattan	
North Carolina	Raleigh	201 State Office Building (administrative office).
	Asheville	Post Office Building.
	Wilmington	Customhouse.
	Winston-Salem	
	Greensboro	
	Charlotte	
North Dakota	Bismarck	Capitol Building (administrative office).
	Fargo	16 First National Bank Building.
Ohio	Columbus	Old Hartman Hotel Building.
	Do	37 West Gay Street.
	Akron	164 South High Street.
	Cleveland	109 City Hall.
	Dayton	Third and Perry Streets.
	Cincinnati	Seventh and Elm Streets.
	Toledo	Erie and Jackson Streets.
	Youngstown	New City Hall.
Oklahoma	Oklahoma City	State Capitol (administrative office).
	Do	13 South Broadway.
	Do	218 Culbertson Building.
	Ardmore	10½ A. N. W.
	Enid	227 Beck Building.
	Muskogee	317½ West Broadway.
	Tulsa	9 and 10 Bynum Building.
	Sapulpa	
	Lawton	
Oregon	Portland	501 Courthouse (administrative office).
	Do	311 Pine Street
	Do	202 Beck Building.
	Do	Second and Couch Street.
	Eugene	Seventh and Willamette Streets.
	Marshfield	Front Street.

Location of offices of United States Employment Service, Department of Labor—Contd.

State.	City.	Location.
Rhode Island	Providence	57 Weybosset Street.
	Do	557 Westminster Street.
	Newport	
South Dakota	Sioux Falls	Chamber of Commerce (administrative office).
	Mitchell	City Building.
	Huron	
Texas	Dallas	106 City Hall.
	Dennison	Chamber of Commerce.
Virginia	Richmond	5 City Hall (administrative office).
	Norfolk	
Washington	Spokane	326 Federal Building (administrative office).
	Ellensburg	
	Everett	
	Yakima	
	Tacoma	
	Wenatchee	
	Seattle	
Wisconsin	Madison	State Capitol (administrative office).
	Do	204 King Street.
	Ashland	213 Seventh Street.
	Green Bay	319 Walnut Street.
	La Crosse	205 Main Street.
	Milwaukee	227 Wells Street.
	Do	113 Reed Street.
	Do	62 Mason Street.
	Oshkosh	35 Waugoo Street.
	Racine	222 Fourth Street.
	Rhinelander	144 South Brown Street.
	Sheboygan	817 North Eighth Street.
	Superior	Winter Street.
	Warsaw	
Wyoming	Cheyenne	State Capitol Building (administrative office).

Federal directors and representatives of the United States Employment Service.

State.	Name.	Address.	City.
Alabama	H. E. Oliver (senior examiner).	335 City Hall	Birmingham.
Arizona	John D. Patty	121 North Second Avenue.	Phoenix.
Arkansas	T. A. Wilson	129A State Capitol	Little Rock.
California	John P. McLaughlin	933 Mission Street	San Francisco.
Colorado	Carl De Lochte	State Capitol	Denver.
Connecticut	Hon. Wm. S. Hyde	do	Hartford.
Delaware	Joseph H. Odell	Sixth and Market Streets	Wilmigton.
District of Columbia	Robt. Livingston, superintendent.	1410 Pennsylvania Avenue	Washington.
Georgia	H. M. Stanley	318 State Capitol	Atlanta.
Illinois	W. C. Lewman	116 North Dearborn Street.	Chicago.
Indiana	Thomas Riley	State House	Indianapolis.
Iowa	A. L. Urick	114 Court House	Des Moines.
Kansas	J. H. Crawford	State House	Topeka.
Kentucky	W. C. Hanna	Capitol Building	Frankfort.
Louisiana	Henry Cucullu	626 Maison Blanche	New Orleans
Massachusetts	E. Leroy Sweetser	469 State House	Boston.
Michigan	Perry J. Ward	306 Owens Building	Detroit.
Minnesota	Hon. J. S. Williams	612 Bremer Arcade	St. Paul.
Mississippi	H. M. Quinn	City Hall	Meridian.
Missouri	Wm. H. Lewis	11 North Seventh Street	St. Louis.
Nebraska	Frank A. Kennedy	State House	Lincoln.
New Jersey	Lewis T. Bryant	do	Trenton.
New York	Henry D. Sayer	120 East Twenty-eighth Street.	New York City.
North Carolina	M. L. Shipman	State Department Building.	Raleigh.
North Dakota	J. N. Hagan	Capitol Building	Bismarck.
Ohio	Geo. F. Miles	Old Hartman Hotel Building.	Columbus.
Oklahoma	Claude E. Connally	State Capitol	Oklahoma City.
Oregon	W. H. Fitzgerald	501 Courthouse	Portland.
Rhode Island	Geo. H. Webb	57 Weybosset Street	Providence.
South Dakota	Chas. McCaffree	Chamber of Commerce	Sioux Falls.
Texas	Marvin Duncan	106 City Hall	Dallas.
Virginia	E. J. Conway	5 City Hall	Richmond.
Washington	W. C. Carpenter	326 Federal Building	Spokane.
Wisconsin	R. D. Knutson	State Capitol	Madison.

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THURSDAY, NOVEMBER 10, 1921.

COMMISSIONERS OF CONCILIATION.

STATEMENT OF MR. H. L. KERWIN, DIRECTOR OF CONCILIATION.

The CHAIRMAN. "To enable the Secretary of Labor to exercise the authority vested in him by section 8 of the act creating the Department of Labor, and to appoint commissioners of conciliation, and so forth," you are asking for 1922 an appropriation of $100,000.

Tell us in a comprehensive way just what you expect to do, why you want this money, and what makes you think that there is an emergency that calls for a deficiency appropriation, also stating the balance of the existing appropriation.

Mr. KERWIN. Mr. Chairman, on October 1 the division had expended or had outstanding bills to the extent of approximately $39,500, or at the rate of $160,000 per annum. Last year we had an appropriation, including two deficiencies that were granted to us. of $155,000. This year we had the regular appropriation of $100,000.

Secretary Davis has been compelled to dispense with the services of some 13 commissioners of conciliation and he has been unable to assign commissioners when requested to do so in many places in the extreme South and Southwest, on account of the transportation charges, and the expenses incident to sending them so far from their stations. We have at the present moment 70 disputes, 51 of which are strikes, that we are handliug. We have some commissioners handling as many as five cases, and they can not do justice to the individual case when they have so many assignments. What we are particularly concerned about at this time is the expiration of the bituminous-coal agreements. They expire within this fiscal year, or on March 31, 1922. The Secretary believes it to be advisable that early in the coming year, after New Year's, some expert men be assigned to go into every angle of the coal situation and secure all possible information so as to be in position to prevent, if possible, any stoppage of work when the three-year agreement expires on March 31, 1921.

The CHAIRMAN. Explain just what you mean by sending experts into the coal fields to prevent any stoppage of work.

Mr. KERWIN. For example, if we had the money to make a thorough survey of the situation in the coal industry and become thoroughly familiar with the conditions in the competitive fields and in the outlying districts and to get in touch with the organizations. coal associations, and with the various matters that are to come up in connection with the making of a new agreement, we would be in a position to be more helpful in an advisory way, the chances are we could minimize the dangers of having a stoppage of business in the coal industry. You all remember what happened in 1919.

The CHAIRMAN. Do you mean to tell this committee that the Government of the United States through the Department of Labor is to sit in judgment on agreements that are to be entered into between employers and employees in advance of any request made on their part for your interference?

Mr. KERWIN. No, sir; not in that way.

The CHAIRMAN. Is not that what this means?

Mr. KERWIN. We think we ought to be in position to be thoroughly in touch with everything that comes up so that we could prevent any stoppage of work in the bituminous coal industry rather than to try to adjust it after a strike occurs.

The CHAIRMAN. But you are not required to adjust anything unless you are invited in, are you?

Mr. KERWIN. In matters of such serious concern to the country, the Secretary has a right under the organic act to act as a mediator and to appoint commissioners of conciliation whenever in his judgment the interests of industrial peace require it to be done.

Another thing, the building-trades contracts and agreements, many of them, expire in May, which is still within the present fiscal year, and this is true also in many of the textile agreements. Naturally when they are making new agreements more disputes arise than in times when agreements are not being consummated. As previously stated, at the present time we are handling 70 cases, and in these times of unemployment when changes in wage rates and changes in working conditions are being contested so bitterly, the commissioners bend every effort to be helpful in a conciliatory way in these trade disputes, and have been very successful. During the month of October we adjusted 18 strikes and threatened strikes that involved directly 30,700 workers. I am not able to say how many were indirectly concerned, because all the reports are not in yet, but perhaps half as many additional workers were indirectly affected by being thrown out of work as a result of the strike of those directly concerned. We have scores of these cases and with our limited force try to meet them as best we can. We have had to utilize the services of other officials of the department, commissioners of immigration principally. Last week a commissioner of immigration assisted in adjusting a longshoremen's strike in New Orleans involving some 5,000 workers. We have had to call on people in the Department of Labor in other services in such situations to go in because we have not had money enough to send representatives of the Division of Conciliation.

The CHAIRMAN. You adjusted the marine engineers' strike in the Shipping Board, did you not?

Mr. KERWIN. Yes; that was a very long drawn out and serious situation.

The CHAIRMAN. Is there any attempt made by the Department of Labor to allot the appropriation that is granted?

Mr. KERWIN. Yes, sir; we try to do that.

The CHAIRMAN. How nearly successful are you in doing that?

Mr. KERWIN. We endeavor to keep within the appropriation by furloughing and dispensing with the services of men and often when their services are most necessary, and we try to keep within the appropriation as well as we can, although we have been exceeding it recently to the extent of $3,000 to $4,000 a month.

The CHAIRMAN. Why do you do that?

Mr. KERWIN. We do not know how we can meet the situation otherwise.

The CHAIRMAN. What is the use of our making the appropriation if nobody pays any attention to it, and what is the use of Congress

being here if the departments make the appropriation, and that is what seems to be the policy of the departments?

Mr. KERWIN. We do not try to do that, because last year we furloughed our men and had to let cases go by the board in order to keep within the appropriation. Of course, if we do not get any additional funds this year we will simply have to furlough our men, and we will endeavor to come out at the end of the year within the amount allotted to us by Congress.

The CHAIRMAN. Do you not know that there is a law that makes it an offense to violate these appropriation acts?

Mr. KERWIN. Yes, sir.

The CHAIRMAN. And provides that the person who violates them is subject to removal from office and subject to fine and imprisonment?

Mr. KERWIN. If at the end of the fiscal year we do not exceed our appropriation, does not that comply with the law?

The CHAIRMAN. Yes; if you do not exceed the appropriation, but I assume you would not be here for a deficiency if you had not exceeded it.

Mr. KERWIN. Of course, Mr. Chairman, if we do not get a deficiency appropriation, we will just have to cut our cloth accordingly.

The CHAIRMAN. How much of an unexpended balance have you. You say you have spent $39,000?

Mr. KERWIN. Yes.

The CHAIRMAN. Then you have about $61,000 unexpended balance?

Mr. KERWIN. Yes; up to the 1st of October.

The CHAIRMAN. Then you are spending the appropriation at the rate of about $160,000 a year. It seems to me you ought to make your allotment so that you will not spend any more in any one month than one-twelfth of the appropriation.

Mr. KERWIN. We figured it that way, Mr. Chairman, but during the first quarter of this fiscal year we had some very serious things that came up that we had to get in on, and we were hopeful from time to time that the calls upon the service would be lessened. We do not intend to do anything that is contrary to law in the final outcome.

The CHAIRMAN. How many men have you employed in the service and how are they paid and what is the per diem cost as near as you can tell?

NUMBER, SALARY, AND DUTIES OF COMMISSIONERS.

Mr. KERWIN. We have 21 men now in the service and they received from $7.50 a day up, three of them receive $12 a day, and one receives $15 a day.

The CHAIRMAN. They get that regularly?

Mr. KERWIN. Well, of course, many of them had to suffer furloughs during the year and we lay them off when they have nothing to do or when our funds are low.

The CHAIRMAN. I understood you to say you had 70 cases on hand?

Mr. KERWIN. Yes.

The CHAIRMAN. How much time does a man usually have to give to a case?

Mr. KERWIN. Mr. Chairman, that is difficult to answer; it takes longer now than it formerly did to adjust a case. The cases now are very bitterly contested and sometimes it takes three or four weeks on

a case: but some men handle as many as five cases and keep rotating from one case to another.

The CHAIRMAN. Just what do they do when they are on a case?

Mr. KERWIN. First, Mr. Chairman, they have not the power to enforce any decisions in any case. It is rather diplomatic than judicial work. They can not make a decision and then order the parties at interest to obey the decision. We just go between and try to bring them together on some common ground that might be mutually acceptable, although it might not be altogether satisfactory to either. For instance, we often find them divided on the question of a reduction in wages or on a question of hours of service. Sometimes we are able to bring them together on a compromise, or we are able to make an agreement in their work-week problem. Sometimes as in the packing-house cases, the workers saved the eight-hour day and accepted a reduction in wages.

The CHAIRMAN. The packing-house cases were adjusted by a United States circuit court, were they not?

Mr. KERWIN. Judge Alschuler of the Federal court had been Federal mediator during the war period and served until September, 1921.

The CHAIRMAN. And still is?

Mr. KERWIN. No; the administration there terminated on the 15th of September.

The CHAIRMAN. So that your department really had nothing to do with that matter?

Mr. KERWIN. Yes; the Secretary of Labor got them together here in Washington in March, if you will remember, and made arrangements whereby Judge Alschuler would remain as administrator until the 15th of September and hear the cases, and both sides agreed to accept his decision. This was after the strike order had been issued.

The CHAIRMAN. Your men also get their traveling expenses?

Mr. KERWIN. Yes, sir.

The CHAIRMAN. And, in accordance with the law, that does not exceed $4 per day?

Mr. KERWIN. $4 per day; yes, sir.

Mr. KELLEY. To make these investigations you spoke of, in view of contracts between employers and employees expiring, how many additional men are you figuring on putting on?

NEED OF ADDITIONAL COMMISSIONERS.

Mr. KERWIN. The Secretary, if he could, would like to at least assign some highly skilled men in textiles, in the building trades, and in the coal situation.

The CHAIRMAN. What the Secretary wants is to have liaison officers in all the key industries, is it not?

Mr. KERWIN. Yes; experts in the key industries.

The CHAIRMAN. That is, he wants to have men go out and lecture and is that what this money is for?

Mr. KERWIN. No; this deficiency is just for our regular work; but we would like to have some special men assigned after the first of the year to simply watch the three industries specified, particularly, so as to avoid any stoppage of work in those industries especially.

The CHAIRMAN. But they would be paid out of this appropriation?

Mr. KERWIN. Yes; out of conciliation.

The CHAIRMAN. So, as a matter of fact, you are organizing a new industry in the Labor Department?

Mr. KERWIN. No; not really. For instance, the man assigned in the coal industry, we will say, would be thoroughly familiar with everything that was coming up in the joint conference. Then if a strike were threatened, that man would be put on that case with such assistance from our regular men as we could give to him. He would then be thoroughly competent to discuss with both sides all of the angles and he would know all the wage scales and conditions to be met in the different kinds of mining and things of that sort.

The CHAIRMAN. Do you think it is the business of the Labor Department to put men in industries to measure the heart throbs of labor and capital and see wherein they conflict in their beats?

Mr. KERWIN. No, indeed.

The CHAIRMAN. That is what this means, does it not?

Mr. KERWIN. No, sir.

The CHAIRMAN. How far away am I from being right?

Mr. KERWIN. In a way, you have got the idea, but we have not any investigatory power. For instance, there may be a score of different kinds of agreements existing between the coal miners and their employers in the different fields. Then there is the question of organization which enters into it, and then there is the different kinds of mining, anthracite, bituminous, lignite, and so forth, and then there is the metalliferous mining and all of the elements involved in each. The difference which would obtain in Iowa, for instance, might not exist in Indiana, but this man would become familiar with every angle of every situation in every State.

The CHAIRMAN. This would seem as if you were going to socialize the industries if you enter upon the activity you are now suggesting.

Mr. KERWIN. No, Mr. Chairman, we do not have any intention of that kind.

The CHAIRMAN. You want the Government to act as a spy on the men in the industries and on the employers in the industries?

Mr. KERWIN. No; indeed, not.

The CHAIRMAN. And finally decide for each of them what they are going to do in the matter of harmonizing their own differences?

Mr. KERWIN. No; he would not have any power nor any right to look at the books or investigate the companies or associations or anything of that kind. He would gather information which was given to him in a voluntary way, but he would be in position to advise the Secretary, and if the matter came up to the point of a strike in a basic industry, for instance, he would be in position to furnish the Secretary with the exact information which would place him in a position to intelligently handle a situation of that kind or make suggestions that would be based on a true knowledge of the situation.

The CHAIRMAN. This is a new departure, is it not?

Mr. KERWIN. In effect, yes; although we have been doing this incidentally. We tried this out with a regular commissioner of conciliation in the Pittsburgh building trades after all efforts had failed, and the result is that everything is settled in Pittsburgh in the building trades with the exception of asbestos workers and the plumbers.

The CHAIRMAN. Except that they have not any work.

Mr. KERWIN. Well, we are informed that they have $10,000,000 worth of contracts in Pittsburgh that they are working on now.

Mr. KELLEY. Have you not men in your department that understand the textile problems now?

Mr. KERWIN. Yes; and we have a man who is one of the best trained men in the coal industry. This man, who was formerly president of the Kentucky Coal Operators' Association, has been with the department for over seven years. We have also used him in the oil situations and the copper situation, and there has not been a strike in the copper districts of Arizona since he has been handling it. He has the confidence of the employees and employers, and in his field there was not a strike during the entire time he was there, nearly four years.

Mr. KELLEY. So that the department would be pretty well informed through your present employees of any situation that might come up without employing others, as contemplated in this request for a further appropriation?

Mr. KERWIN. Yes; but if we take men out of the regular territory and out of general work and make them specialists in any particular industry, we would have to supplant them with others.

The CHAIRMAN. Your theory or the theory of the Secretary is that the men should be placed in such industries as he might designate at any time that he might choose to assign them to that class of work regardless of whether there was any trouble or whether there was any anticipated trouble, for the purpose of accumulating information that might never be needed.

Mr. KERWIN. But, for instance, Mr. Chairman, we know that these agreements will expire on March 31, 1922, in the coal industry. We know that there is going to be a lot of new angles entering into the coal situation. We know that both sides are generally set in their ideas, and that the time for expiration of the agreement is appraoching. We hope it will not result in any strike, but if it does, we would be in a better position then to handle it, and we hope to be in position to obviate it.

The CHAIRMAN. It is intended to use a part of the deficiency appropriation if you get it, to employ key men, thereby establishing a new industry in the Labor Department?

Mr. KERWIN. The intention of the Secretary was to utilize in those industries whose agreements expire before the end of this fiscal year perhaps two or three men.

The CHAIRMAN. You are asking for an appropriation of $100,000; tell us what you are going to use that money for if you get it. Just make a detailed statement of what you are going to do with it, how many men you expect to employ, what activities you propose to engage in, and how much you propose to pay each man per day and how many of them are to be used in so-called key industries, which will be a new activity in the Labor Department.

Mr. KERWIN. To begin with, last year we had $155,000 and this year we have $100,000.

The CHAIRMAN. And you are spending at the rate of $156,000?

Mr. KERWIN. Yes; so that would answer that part of it, would it not?

The CHAIRMAN. No; we want to know what you are going to do with this appropriation.

Mr. KERWIN. The difference between $156,000——

The CHAIRMAN. We will assume that $100,000 is all you are going to get, and if you get another $100,000 we want to know what you are going to do with it.

Mr. KERWIN. The Secretary had in mind using the difference between the amount our present work requires and the $100,000, if it were granted, which would be $40,000. He would utilize that, or such part as is needed to put on three or four specialists at salaries not to exceed that being received by the best men he now has on hand.

The CHAIRMAN. $12 a day.

Mr. KERWIN. We have one man at $15—this man who has been the adjuster in the oil and copper fields and was formerly president of the Kentucky Coal Operators' Association.

The CHAIRMAN. With his travel allowances, that would be how much?

Mr. KERWIN. $4 a day plus the transportation charges.

The CHAIRMAN. Making a total of perhaps $21 a day?

Mr. KERWIN. Yes; it might amount to that.

Mr. KELLEY. That would be $7,000 apiece for three men, considering the salary and allowances?

Mr. KERWIN. Yes.

Mr. KELLEY. And you want about $7,000 a year for how many men?

The CHAIRMAN. He just spoke of these three principal industries—textile, mining, and building trades.

Mr. KELLEY. And you want one man for each?

Mr. KERWIN. Yes. Of course, the building trades is a big proposition. It extends from San Francisco to Chicago, New York, and the extreme South, and we would have to assign other conciliators to assist this man.

Mr. KELLEY. Then you would have to have some clerical force to go along with them?

Mr. KERWIN. No; it would not really be necessary because they do most of that work themselves.

Mr. KELLEY. You have $21,000 for three men and stated that there would be others assigned to this work. How much will that cost?

Mr. KERWIN. We might need four or five additional men, say, at $10 per day.

The CHAIRMAN. That would mean an additional expense of $16 per day, including the travel and allowance for those men; $16 per day is equivalent to about $5,000 a year.

Mr. KERWIN. Of course, they would not have that every day. Some would be at their official stations most of the time. A man might be from Indianopolis, and he might be working on these matters right there.

Mr. KELLEY. There would be three of these to go with the other three?

Mr. KERWIN. Yes, sir.

Mr. KELLEY. Would there be any other expense connected with this new activity?

Mr. KERWIN. No, sir; that would cover it all for the fiscal year.

Mr. KELLEY. You figure that $36,000 would probably be ample for that?

Mr. KERWIN. Yes, sir.

The CHAIRMAN. Is that all you care to say about this?

Mr. KERWIN. Yes, sir; that is about all.

Mr. BYRNS. I notice that you had an appropriation last year of $155,000, and the appropriation for this year is $100,000.

The CHAIRMAN. And they are spending at the rate of $156,000.

Mr. KERWIN. That is the way it shows now.

Mr. BYRNS. Can you file for the record a statement showing the number of cases you have had by months from, say, the 1st of January of this year up to the present time?

Mr. KERWIN. We have 70 cases at present. I will be glad to supply you with the record.

Mr. BYRNS. What I was anxious to learn was just how many you had arising each month for consideration each month, during the calendar year 1921.

The CHAIRMAN. If I may supplement that request, it might be well to ask him to say whether those cases are cases in which they were invited after the trouble began.

Mr. KERWIN. Yes, sir; they were.

We adjusted 18 cases in October involving 30,700 workers directly, and I can not tell you how many indirectly, because the final reports have not come in yet.

NOVEMBER 15, 1921.

NOTE.—The following cases have been taken up for mediation since the 1st of January, 1921: January, 9; February, 13; March, 21; April, 39; May, 25; June, 23; July, 26; August, 33; September, 27; October, 29; total, 245.

The department proffered its good offices in 15 of these cases without a request from either side; however, in a number of instances, it was intimated that the department could be of assistance in bringing about resumption of work.

The above does not include a number of smaller cases in the oil, copper, and packing-house industries, each of these cases being carried as one general situation.

THURSDAY, NOVEMBER 10, 1921.

POST OFFICE DEPARTMENT.

OFFICE OF FIRST ASSISTANT POSTMASTER GENERAL.

STATEMENT OF MR. W. R. SPILMAN, SUPERINTENDENT DIVISION OF POST OFFICE SERVICE.

FOR COMPENSATION TO CLERKS AND EMPLOYEES OF FIRST AND SECOND CLASS POST OFFICES.

The CHAIRMAN. The appropriation for 1922, "For compensation to clerks and employees at first and second class post offices, including substitutes for clerks and employees absent without pay," is $97,000,000?

Mr. SPILMAN. Yes, sir.

The CHAIRMAN. Why is it necessary to have an additional appropriation to cover that item?

Mr. SPILMAN. The act for the current fiscal year contained a proviso giving credit to certain substitutes who had military service, giving them credit for military service. That we must pay out of this appropriation. That amounts to date to $597,800.

The CHAIRMAN. You promote them into a higher grade?

Mr. SPILMAN. Yes, sir; giving them credit for the time gives them a higher salary. Then the act of July 21, 1921, commonly known as the Steenerson Act, provides that certain carriers and clerks appointed prior to June 5, 1920, should be given the same credit as those appointed subsequent to June 5.

The CHAIRMAN. The act known as the Steenerson Act was to correct an inequality that existed?

Mr. SPILMAN. Yes, sir; those men appointed prior to July 5, 1920, the same as those appointed subsequently to that date.

The CHAIRMAN. They were working under conditions that brought them less pay than those who came into the service after that date?

Mr. SPILMAN. Yes, sir. This was simply to do justice to the men who had been in the service.

The CHAIRMAN. How much does that involve?

Mr. SPILMAN. As near as we can get at it, we have not completed the adjustments, it is $185,750.

The CHAIRMAN. And how much is it for the time served in the Military Establishment?

Mr. SPILMAN. $597,800. Then, the Steenerson act also provided for promoting certain special clerks. Shall I rehearse that?

The CHAIRMAN. Yes, sir.

Mr. SPILMAN. At the time the reclassification act was passed the department issued an order that special clerks should be limited to clerks engaged on distribution.

The CHAIRMAN. Although a good many of them had been transferred from distribution to other activities after they had been made special clerks?

Mr. SPILMAN. Yes, sir.

The CHAIRMAN. And the order of the department would send them back?

Mr. SPILMAN. Preclude their promotion under the reclassification act and force them into the fifth grade, $1,800. The Steenerson Act specifically provided for the promotion of these special clerks and also clerks of other special designations, such as finance clerks and clerks of several other designations. They were forced down into the fifth grade by reason of the reclassification act. That up to date has cost $364,300.

The Steenerson Act also provided that the minimum salary for a foreman should be $2,100, instead of $2,000, and the cost of that has been $82,800, making a total cost not contemplated at all when the original estimate was made of $1,230,650.

The CHAIRMAN. That applies to clerks?

Mr. SPILMAN. Yes, sir.

The CHAIRMAN. All the foremen and special clerks are recruited from the clerks?

Mr. SPILMAN. Yes, sir.

The CHAIRMAN. It does not apply to the carriers?

Mr. SPILMAN. No, sir; not at all.

The CHAIRMAN. You are asking for $725,000 to meet the obligations amounting to over $1,000,000?

Mr. SPILMAN. Yes, sir.

The CHAIRMAN. Which you have just stated?

Mr. SPILMAN. We feel that is a very conservative estimate.

The CHAIRMAN. Will you not make enough saving from the appropriation that we made in the annual bill, by the lapse of employment, to enable you to get along without this deficiency, and at the same time meet the conditions of the Steenerson Act?

Mr. SPILMAN. No; I wish we could.

The CHAIRMAN. What is the balance unexpended in the appropriation of $97,000,000?

Mr. SPILMAN. To-day, $2,172,263.

The CHAIRMAN. Is not that a mistake, only $2,000,000 out of a $97,000,000 appropriation?

Mr. SPILMAN. No, sir. Certain money is not actually spent yet. I am charging against the $97,000,000 all that has been authorized since the beginning of the year and the balance, the expenditure o which has not been authorized, is this amount which I have given you.

The CHAIRMAN. $2,000,000?

Mr. SPILMAN. Yes, sir.

The CHAIRMAN. If you have $2,000,000 unauthorized, is it not possible to pay the bills provided for in the items which you have requested out of the unauthorized $2,000,000?

Mr. SPILMAN. Of course, these items I have given you are already paid, and we have the remainder of the year to run.

The CHAIRMAN. This is all for salaries, of course?

Mr. SPILMAN. Yes, sir. We have to charge to the balance these items; salaries of 207 clerks at offices becoming second class on July 1, yet to be appointed clerks, $289,800. At the time we made up this estimate they had not been charged off. Then the automatic promotions that are to occur during the remainder of the year.

The CHAIRMAN. By quarters?

Mr. SPILMAN. By quarters: $114,850 for the quarter beginning January 1, 1922, and $56,250 for the clerks who shall be promoted April 1, 1922. After those two items comes overtime, which is a problematical item.

The CHAIRMAN. What is the experience?

Mr. SPILMAN. Our estimate is that, the way it is running, it will cost $1,500,000.

OVERTIME.

The CHAIRMAN. For overtime?

Mr. SPILMAN. Yes, sir. That is for the whole year.

The CHAIRMAN. Why work overtime when the business of the post office has dropped from the maximum down to a lower stage?

Mr. SPILMAN. We have instructed the postmasters to cut it down to the very lowest figure.

The CHAIRMAN. But why have overtime when the volume of business is smaller than it was?

Mr. SPILMAN. Really the only time when overtime is justifiable, under normal conditions, is during rush periods like Easter time, the holiday season, and the 1st of the month, when the mail comes in heavy. We are just recovering, beginning to recover completely, of course it has been gradual, from the excess overtime—I speak of excess overtime relatively—that occurred during the war, when it was difficult to get experienced clerks, and when experienced clerks had to be used overtime.

The CHAIRMAN. You have not any trouble now?

Mr. SPILMAN. We are getting good clerks, but they are not experienced. We are endeavoring to cut down that as much as possible, and it is being materially reduced, compared to what it has been.

The CHAIRMAN. How does the $1,500,000 for overtime compare with past experience?

Mr. SPILMAN. For 1921 it was $2,213,000; in 1920 $4,079,000, and in 1919 $3,090,000.

The CHAIRMAN. How much overtime pay have you used since the 1st of July?

Mr. SPILMAN. I do not know, Mr. Madden. We have to get those reports from the various postmasters.

The CHAIRMAN. Is this calculated for the whole year?

Mr. SPILMAN. Yes, sir; that $1,500,000 is for the whole year.

The CHAIRMAN. In making your allotment of the whole amount less $2,000,000 you took into account the average number of clerks in the service for the year?

Mr. SPILMAN. I do not quite understand you.

The CHAIRMAN. You said you had used up your $97,000,000. Of course, it has not been paid out, but you allotted it.

Mr. SPILMAN. Yes.

The CHAIRMAN. In making that allotment you must have taken into consideration the average number of men in this branch of the service for the year.

Mr. SPILMAN. Yes.

The CHAIRMAN. Are you carrying as many men in this branch of the service as you did a year ago?

Mr. SPILMAN. Yes, the number November 4, 1921, was 54,104. In our program to reduce expenditures we have directed postmasters to let vacancies lapse, and there has been a reduction of 200 clerks in this manner. At other places we have allowed some additional clerks. The total of such allowances up to date is 841, a net increase of 641 clerks.

The CHAIRMAN. There was provision made for the allowance of a lot of additional clerks in this $97,000,000, and as I recall, that number was 4,000.

Mr. SPILMAN. My information is 3,000. I was not connected with the department at that time.

The CHAIRMAN. If you have only allowed 800, of course there must be considerable leeway on that account. In making allotment of the sum appropriated, did you make this allotment to the various post offices throughout the United States?

Mr. SPILMAN. Out of this $97,000,000?

The CHAIRMAN. Yes.

Mr. SPILMAN. No; additional clerks are allowed as the need develops.

The CHAIRMAN. But you must allot to the post offices according to the number of clerks each post office has.

Mr. SPILMAN. That is embodied in what we call the annual rate. The number of clerks a post office has on June 30 is known and that is all charged up as our annual rate.

The CHAIRMAN. If the number of clerks happens to be less on the average for a whole year there would be some saving on that?

Mr. SPILMAN. Yes.

The CHAIRMAN. Do you happen to know the state of the appropriation under the allotment to-day?

Mr. SPILMAN. The aggregate charge of the clerks now in the service is $94,751,000.

NUMBER OF CLERKS AUTHORIZED—NUMBER AUTHORIZED AND APPOINTED FROM JULY 1 TO DATE.

The CHAIRMAN. I think it would be useful to the committee, and perhaps to the House, if you would be kind enough to put into the record at this point the number of additional clerks authorized under the $97,000,000 appropriation over what you had last year, and the number you have appointed from the 1st of July up to this time, and if you can also give us the state of the expenditure; not the state of the allotment, but the state of the expenditure, because I think you will find when you look back to the expenditure that you have not spent anything like the allotment.

Mr. SPILMAN. The number of additional clerks appointed and authorized from July 1 up to this time is 841.

As stated above, the number of clerks authorized up to date is 54,104. The charge against the appropriation of $97,000,000, on account of the salaries of these clerks up to June 30, 1922, not including promotions due January 1 and April 1, 1922, will be $94,751,000. While this amount has not been expended, it is a fixed charge and will vary only as clerks are separated from the service for any cause and their places are filled at a lower rate of salary. The credits on this account up to date are taken into account in stating the sum of $94,751,000.

The CHAIRMAN. True, but in making the appropriation, if we allowed for 4,000 additional men, we provided the money for them, and if you have only appointed 800 men, of course, the other 3,200 do not draw pay, and if they do not draw pay, there must be a balance due to the fact they are not on the pay roll. If there is a balance, how much is it; and then the question is, is it enough to meet this anticipated deficiency to cover the obligations under the so-called Steenerson Act?

Mr. SPILMAN. I am at a little disadvantage in meeting just what the chairman has in mind by reason of the fact I was not connected with the Division of Post Office Service at the time that these estimates were made up.

The CHAIRMAN. I was, and I passed on them when they were made up.

Mr. SPILMAN. But if it were possible to meet these charges in the way you describe, I would not be here.

The CHAIRMAN. I do not understand from your statement to us that you have given any consideration to the question of what proportion of the $95,000,000 that has been allotted has been spent. You allotted it based on the number of men you have in the service.

Mr. SPILMAN. The only changes that would occur of course, would be if vacancies occurred and an appointment is made. If an $1,800 clerk resigns, of course, an appointment is made at a less rate, and there is a saving, but in making up the estimates for additional clerks, we figure on the average salary.

The CHAIRMAN. Let me tell you how it is done. When you made up the estimate for the amount of money required for clerks, you estimated for a certain number of clerks at the statutory salary which they were then drawing, but you estimated also for the amount required to pay the added compensation under the automatic promotion. You also estimated for the anticipated amount for overtime. According to the former hearings, here is the way the estimate was made, annual rate 1920, $84,858,680, estimated increase by appointment of 2,725 clerks $1,400, $3,815,000; estimated increase by promotion (that is, the automatic promotion), $500,000. The total was $89,173,680 on June 30, 1921. Then there is the cost of 4,000 additional clerks, $5,600,000, and then the cost of promotion again, automatic promotion, $2,400,000, and then the estimated credit by changes in grade, $173,680, or a maximum of $97,000,000. So that all the items you are talking about being required to be met by a deficiency appropriation have already been included in the annual appropriation, and I do not understand why you come here except to pay whatever increased cost there may be due to the passage of the so-called Steenerson Act; but inasmuch as you have not appointed but 800 of the 4,000 clerks and you are not likely to appoint them, as I understand the situation, you have got whatever may be saved from the failure to appoint them, and you have $2,000,000 besides that you can use, except for the overtime pay, say, $1,500,000.

You are asking for an appropriation for automatic promotions and things like that which you have already provided for in the annual appropriation bill, and you are now duplicating the appropriations when you ask for this one.

Mr. SPILMAN. No; I beg your pardon. The automatic promotions I have described are those that are yet to be made which must come out of this item of appropriation, as you pointed out, and must come out of this balance, unauthorized.

The CHAIRMAN. We knew exactly how many automatic promotions would be made when the annual appropriation bill was passed, we knew how many men were in the clerical force; we knew the grade each man was in at the time the bill was passed; we knew that at the end of a certain period he would be entitled to go into a new grade, and we provided for that $2,400,000; not for those that were promoted that day nor to be promoted the next day, but to be promoted from the 1st of July to the 30th of the next June. It has already been provided for.

Mr. SPILMAN. You misunderstood me. We are not asking now for money to promote these people.

The CHAIRMAN. But you said so.

Mr. SPILMAN. I beg your pardon.

The CHAIRMAN. What are these figures you have given us?

Mr. SPILMAN. Those are the charges against the remainder of the $2,000,000. I had not quite finished. Those figures I have given you more than take up the $2,000,000.

The CHAIRMAN. They used it up except for the amount which you say is reserved for overtime pay.

Mr. SPILMAN. The figures on your second table do not reach the $2,000,000. If I may continue, there is another item of $100,000 to promote special clerks. These items I am giving you now are not items for which we ask a deficiency appropriation. I am explaining

now how the balance unexpended, $2,172,263, will necessarily be expended. I do not know just what that total is of the items I have given you, but we have added here an item of approximately 2,000 additional clerks, $1,350,000, which would make a total of $3,410,000. Now, if we take from $3,410,000 the $2,172,263 the balance, we have $1,237,737 not provided for, and we are asking to carry us through simply $725,000.

The CHAIRMAN. I can not understand why you are not duplicating.

Mr. SPILMAN. May I put it in another way? We have reached this day in the course of the year; we have made the July 1 promotions and we have made the October 1 promotions. At the time we made up these figures we had not yet charged against the appropriation of $97,000,000, 207 additional clerks in second-class offices advanced from the third class on July 1, which is this item of $289,800 I gave you.

The CHAIRMAN. But we gave you in the bill $2,400,000 to provide for that.

Mr. SPILMAN. It is there, Mr. Madden. Do not misunderstand me. I am now explaining to you how this balance of $2,000,000 will be absorbed. I am not asking for more money for these clerks. That is appropriated for, as you say.

The CHAIRMAN. You are asking for money to provide for the increased promotions.

Mr. SPILMAN. I am asking for money, as I stated in the beginning, to take care of the military credit and the Steenerson Act.

The CHAIRMAN. That is the only thing you are asking for?

Mr. SPILMAN. That is the only thing we are asking for. Now, you say we have a balance here.

The CHAIRMAN. Yes.

Mr. SPILMAN. Then I felt it incumbent upon me to explain how that balance will be absorbed and the necessity for this apropriation.

The CHAIRMAN. Have you any knowledge of what the annual rate was on all employees July 1, 1921, under this appropriation?

Mr. SPILMAN. $92,233,300.

The CHAIRMAN. What is it to-day?

Mr. SPILMAN. $94,751,000.

The CHAIRMAN. That leaves you how much out of the $97,000,000?

Mr. SPILMAN. $2.172,263.

The CHAIRMAN. The estimated rate June 30, 1921, as submitted to us by Mr. Koons was $89,173,680, and you say it is how much now?

Mr. SPILMAN. To-day $94,751,000.

The CHAIRMAN. Is that due to an increased number of employees or to increased promotions?

Mr. SPILMAN. Largely to the appointment of a large number of additional clerks after the hearings before your committee, and before June 30, 1921; to increased promotions, and to a small increase in the number of employees.

The CHAIRMAN. Mr. Koons estimated that at $89,173,680 and then the cost of 4,000 additional employees, $5,600,000, and the cost of promotions, $2,400,000, making the $97,000,000. You are $2,400,000 below his estimate.

Mr. SPILMAN. Of course, the annual rate will increase as we go along toward the end of the year, and we will come up to June 30

with a greater annual rate. The annual rate as stated has been also affected by the very items on which we have asked for this increase. When we increase the salaries of clerks by reason of giving credit for military service, that means the annual rate is increased by that amount, whatever it may be.

The appointment of the nearly 2,000 more clerks than was anticipated, I am told, was with a view to reducing the charge against the appropriation for auxiliary service—under which these clerks were employed—because of a material reduction in the appropriation for that service a similar situation will arise this year, for we are proposing a reduction of $3,000,000 in the appropriation for auxiliary service for the ensuing fiscal year, and to effect this reduction it is desirable to transfer to the clerical roll those clerks whose services should be permanently retained. In order to effect this transfer of the requisite number of clerks from the auxiliary to the regular roll, the deficiency appropriation asked is essential.

At the time the figures you mention were made up there were 48,982 clerks in the service. The number of additional clerks appointed between the date of the hearing and June 30, 1921, was 4,721. It was estimated that at the close of the year the number of clerks in the service would be 51,707, whose salaries made the estimated annual rate of $89,173,680. However, there were actually appointed 1,996 more than this number, so that the actual annual rate June 30, 1921, was $92,233,300, or $3,659,620 more than the estimated annual rate.

NUMBER OF EMPLOYEES—DECREASE IN BUSINESS.

The CHAIRMAN. What is the number of men in this branch of the service?

Mr. SPILMAN. 54,104.

The CHAIRMAN. Is the business greater or smaller than it was on the 1st of July?

Mr. SPILMAN. There has been a general decrease.

The CHAIRMAN. What percentage of decrease?

Mr. SPILMAN. About one-half of 1 per cent.

The CHAIRMAN. Does that affect the number of people in the service?

Mr. SPILMAN. We are trying hard to make it affect that.

The CHAIRMAN. I know, but does it affect it?

Mr. SPILMAN. Yes, sir.

The CHAIRMAN. Then if it affects it, the number of men must be reduced?

Mr. SPILMAN. The net number of men has not been reduced.

The CHAIRMAN. Then it does not affect it.

Mr. SPILMAN. It affects it chiefly, Mr. Madden, in this way: Another one of the inheritances of the situation during the war was a large auxiliary expenditure with which, of course, you are familiar, and we are still carrying a large force of auxiliary men.

The CHAIRMAN. Yes; but there is an appropriation made for that.

Mr. SPILMAN. Exactly; but the decrease in business first reflects itself in the cutting off of that auxiliary service, and for that reason it is not so perceptible in the reduction of the number of clerks.

The CHAIRMAN. Have you made any saving in the auxiliary appropriation?

Mr. SPILMAN. Yes, sir.

The CHAIRMAN. Is there anything to prevent you from using the auxiliary savings for the payment of these other expenses?

Mr. SPILMAN. We will have to carry a goodly number of clerks who might properly be made regular clerks, as auxiliary clerks, unless we get this deficiency.

The CHAIRMAN. The question I asked was, first, how much saving you have made in the auxiliary clerical appropriation?

Mr. SPILMAN. In the September quarter, 1920, we authorized auxiliary allowances of $4,616,973; September, 1921, $3,010,274; the December quarter, 1920, $5,979,953; December, 1921, $2,462,702.

The CHAIRMAN. And whether the amount of the saving is sufficient to meet the obligations for which you are asking for a deficiency?

Mr. SPILMAN. It would be but we are not able to spend it for this particular purpose.

The CHAIRMAN. Why not?

Mr. SPILMAN. Because it is in another item of appropriation.

The CHAIRMAN. You want us to understand, then, that the $725,000 you ask is not due to a lack of funds to carry on the ordinary activities of this branch of the service, but that it comes from the enactment of the legislation rectifying the conditions which existed prior to the passage of the act?

Mr. SPILMAN. Yes; otherwise I do not feel I would be justified in being here at all, sir.

SICK LEAVE.

Mr. KELLEY. This is the general appropriation out of which substitutes for clerks are paid when sick?

Mr. SPILMAN. No; when he is sick he gets his sick leave. This applies only when he is absent without pay.

Mr. KELLEY. When was this legislation passed giving clerks and carriers a definite sick leave without a doctor's certificate?

Mr. SPILMAN. They do not have a definite sick leave without a doctor's certificate.

Mr. KELLEY. I understood they were allowed a certain number of days each year as sick leave for which they did not need to account with a doctor's certificate?

Mr. SPILMAN. No; the law is that if they are only absent two days they may not be required to give a doctor's certificate, but if it runs over that they must give a doctor's certificate.

Mr. KELLEY. Is there not a certain number of days they can accumulate by being absent two days at a time?

Mr. SPILMAN. No; not with pay, in addition to the 10 days allowed by law.

Mr. KELLEY. If they are absent two days without a doctor's certificate they draw pay for the two days?

Mr. SPILMAN. Yes.

Mr. KELLEY. Can they repeat that any number of times?

Mr. SPILMAN. They may repeat that five times.

Mr. KELLEY. Do you know whether or not the average length of time that clerks and carriers are absent under those conditions amounts to about the 10 days?

Mr. SPILMAN. No; I do not know that. It is just within the last year that they have been given any sick leave.

MISCELLANEOUS EXPENSES, FIRST AND SECOND CLASS POST OFFICES.

The CHAIRMAN. The next item is for miscellaneous items necessary and incidental to post offices of the first and second class, $50,000?

Mr. SPILMAN. This appropriation is chargeable chiefly with the cost of cleaning post-office quarters in rented buildings, the rental of telephones and various miscellaneous expenditures required in the administration of post offices, not chargeable to other appropairtions. The amount that is available this year is the same that was appropriated for the past fiscal year, and the charges against the appropriation, notwithstanding every effort to keep them down to a minimum, particularly the costs of cleaning and telephone service, have increased so that there is available now out of that appropriation only $21,937. With the expansion of the parcel post, it has become necessary to rent additional quarters in many of the cities. In many instances, although not in all instances, we have to furnish the cleaning and janitor service and that is charged to this appropriation, and there are a number of those projects maturing during the next six months, and in order to provide for that service we feel it will be necessary to have an additional $50,000.

The CHAIRMAN. You mean that we do the janitor work in rented buildings?

Mr. SPILMAN. In many of them, yes, sir. For instance, we do all the cleaning in rented buildings, and the janitor work will depend upon whether the lessor furnishes the heat or whether we furnish the heat.

JANITOR AND CLEANING SERVICE FOR RENTED BUILDINGS.

The CHAIRMAN. How many more rented buildings have we now than we had on the 1st of July?

Mr. SPILMAN. I will have to get that information for you.

The CHAIRMAN. Is the rate of compensation for this class of work higher now than it was before the 1st of July?

Mr. SPILMAN. I do not know that I can answer that definitely. I think it is not higher. I think it is going down somewhat.

The CHAIRMAN. Is it lower?

Mr. SPILMAN. That would be my impression, that it is somewhat lower than it was the 1st of July.

The CHAIRMAN. If it is lower than it was on the 1st of July, and if we have little or no more rented quarters than we had before, why it it that you need more money for this service?

Mr. SPILMAN. We have more quarters, that is the chief need for it.

The CHAIRMAN. How many more?

Mr. SPILMAN. As I say, I will have to get that information for you. To illustrate, there is one big new station opened up in New York, and there we have to furnish the heat, and the janitor and cleaning service there alone will run up to $8,000.

The CHAIRMAN. $8,000 for cleaning and janitor service?

Mr. SPILMAN. Per annum; yes, sir.

The CHAIRMAN. What kind of a station have you got there?

Mr. SPILMAN. It has four or five floors, and this includes running the heating plant and the whole business so far as janitor and cleaning service is concerned.

The CHAIRMAN. Can you not get along with the $700,000 allotted for that purpose?

Mr. SPILMAN. No, sir. By that I mean we would have to curtail certain things and with reference to some of these rental projects maturing during the next six months we would be somewhat embarrassed.

The CHAIRMAN. What is the state of the appropriation now?

Mr. SPILMAN. We have a balance of $21,937.

The CHAIRMAN. What do you mean by a balance?

Mr. SPILMAN. I mean that is the sum of money the expenditure of which is not authorized.

The CHAIRMAN. In the making of an allotment of this amount did you apportion it according to the appropriation or according to what you thought you would like to do?

Mr. SPILMAN. I do not quite understand you.

The CHAIRMAN. What I asked was, and it ought to be very simple, did you make the apportionment based on the appropriation or on what you thought the needs of the service were?

Mr. SPILMAN. This request for an additional sum is based on what we think the needs of the service will be.

The CHAIRMAN. That is not what I asked. You said you made an apportionment of all this money up to $22,000. In making that apportionment, did you make it on the basis of the appropriation, or on the basis of what you thought the needs of the service were?

Mr. SPILMAN. On the actual needs at the points where allotted.

The CHAIRMAN. Why do you not make the apportionment according to the appropriation, on the theory that this appropriation act is a law to be obeyed like any criminal law would be obeyed?

Mr. SPILMAN. The appropriation act is a law and will be obeyed. No allotments have been made in excess of the $700,000 and none will be made. The moment that we reach that point we will sto p

The CHAIRMAN. Then you do not need the $50,000?

Mr. SPILMAN. We need it, because if we stop there will be rental projects maturing for quarters in which provision must be made. We will have to pay for janitor and cleaning service, and other expenditures will be required, which will have to be denied unless a deficiency appropriation is provided.

The CHAIRMAN. If the business of the Postal Service is less than it was a year ago, why is it that the expenses are more? That is what I want to find out. We did not deduct a dollar from any of the activities of the Postal Service. We followed the suggestions made by the Post Office Department, and not a dollar was deducted. We increased the appropriation by $100,000,000 and more.

Mr. KRAM. May I make a statement, as the budget officer of the department? In the office of the First Assistant Postmaster General, for the fiscal year in which he is asking deficiency appropriations, they have reported to the Director of the Budget a total cut in the appropriation of $5,465,000, and they are here asking for a deficiency in other items totaling $1,775,000, so that this bureau has made a cut of $3,690,000 on account of the decrease in business. That is not reflected, however, in the particular items for which he is asking deficiencies, but they have made the cuts, and, if you please, I will read the items in which the cuts have been made: Compensation of assistant postmasters, $750,000; printers, mechanics, laborers, etc., $15,000; contract stations, $50,000——

The CHAIRMAN (interposing). Is that decrease in the appropriation for printers, mechanics, and laborers due to the fact that they transferred the printing for the department from the field?

Mr. KRAM. Some of it may be.

Mr. SPILMAN. That has not actually become effective yet.

Mr. KRAM. The reduction for contract stations is $50,000; in the appropriation for separating mails, $75,000; in the unusual conditions appropriations, $25,000; clerks at third class post offices, $250,000; city delivery service, $2,000,000; clerks in temporary service, $2,000,000; village delivery service, $150,000; carfare and bicycle service, $150,000, making a total of $5,455,000.

The CHAIRMAN. The reduction in village-delivery service means that you are not installing the service. It is easy enough to save it that way. Is there anything else you want to say about the $50,000?

Mr. SPILMAN. I think we have about covered it.

The CHAIRMAN. We would like to have more reasons for the request than you have submitted.

Mr. SPILMAN. In view of the comparatively small amount involved and the character of the appropriation, I fear that you do not fully appreciate its relative importance to the service as a whole.

This is practically the only appropriation available to which may be charged the many miscellaneous expenses of post-office management for which specific appropriation is not otherwise made. In order that you may have more complete information on the subject, I will give a partial list of the more ordinary items:

Cleaning or janitor service, telephones, telephone tolls, telephone-installation charges, telephone moving charges, laundering towels, electric current for fans, water rental where not provided by lease, precanceling stamps, official telegrams, removal of waste material, changing combinations on safes, repairing Government-owned safes, moving post-office property incident to change in location of post offices, car fare for the official use of supervisory officers, labor incident to preparing empty mail bags for shipment (unskilled job work, much more economical than using regular post-office laborers), construction of parcel-post bins, shelving, etc., either for permanent use or during the holiday season.

While many of these items are small and seemingly insignificant, it will readily be appreciated that they are highly essential to proper post-office management. The department has recently opened up several large stations and annexes in different cities, involving several thousand dollars each for cleaning and janitor service alone, and several additional projects of this character are now under negotiation.

On July 1, 1921, the number of first and second class offices was increased by 263, at which it has been or will be necessary to grant allowances for cleaning or janitor service. These allowances vary from $60 to $300 per annum, according to the size of the office, its floor area, and the window space to be kept clean. With an average of $120 per annum, or $10 per month, which is conservative, the total amount necessary for this expense alone would be $31,560.

In addition to the foregoing items it frequently becomes necessary because of changed conditions and the growth of the service to make quite extensive alterations in leased or rented quarters, the expense for which, amounting to several thousand dollars in some cases, the lessor is not liable. There being no other appropriation available such expense must necessarily be charged to this one.

Authorizations for cleaning or janitor service and telephones are made in the form of annual allowances, which continue from year to year until changed by the department. The increases for these items alone during the fiscal year 1921 as compared with the preceding year were $57,257 for cleaning, and $47,711 for telephones, a total of $104.968. However, as it appeared when the estimates were prepared in September, 1920, for the fiscal year 1922, that a material balance would be left in this appropriation at the end of the fiscal year 1921, no increase was asked for 1922, as the department was making every effort to economize and desired to keep within this figure if at all possible. At that time it was believed that costs of both labor and material had reached the peak, and that we could depend upon a considerable reduction during the remainder of the fiscal year 1921 and throughout 1922. This expectation was not realized, as I find upon looking into the matter that there was no appreciable reduction until possibly within the last couple of months, and it became necessary to grant increases in existing cleaning and telephone allowances in order to maintain service, as well as to grant new allowances at the prevailing high rates. This naturally upset the calculations, as the anticipated decreases in costs had been depended upon to carry us through this fiscal year on the appropriation requested and authorized.

As the balance now available is only $21,737, with still seven and one-half months, or nearly two-thirds of the fiscal year, yet to run, it is manifest that this balance will be wholly insufficient to meet the actual service demands that will be made thereon, and unless this deficiency is authorized the department will be seriously handicapped, as essential service will simply have to be denied.

PAY OF LETTER CARRIERS.

The CHAIRMAN. For pay of letter carriers at offices already established, including substitutes for letter carriers absent without pay, in the City Delivery Service, you are asking a deficiency of $2,000 for the fiscal year 1920. How does that come about?

Mr. SPILMAN. Those are deficiencies that are certified by the comptroller.

The CHAIRMAN. How does it happen that we have letter carriers who have not received their pay?

Mr. SPILMAN. The department made a rule granting carriers leave of absence only at the rate of one and one-fourth days per month, and in some instances certain carriers had been granted leave in excess of that amount, and they were required to refund or were not paid that sum. The Comptroller of the Treasury held that that was error.

The CHAIRMAN. I think there was some provision made by law that it should be restored. Is this intended to cover that?

Mr. SPILMAN. This provision applies to another fiscal year, as I understand it. This is to meet the same situation that you refer to

FEES OF SPECIAL-DELIVERY MESSENGERS.

The CHAIRMAN. The next item is, "For fees for special-delivery messengers, for the fiscal years as follows: For 1920, $11.54; for 1921, $999,439.88." How does the deficiency for 1920 occur?

Mr. SPILMAN. The law provides that when a special-delivery letter is delivered the messenger shall be paid 8 cents. We made the best estimate we could under that item, but the estimate was not sufficient to cover the number of letters delivered.

The CHAIRMAN. You are $11.54 short?

Mr. SPILMAN. For 1920; yes, sir.

The CHAIRMAN. For 1921 you have a very large deficiency?

Mr. SPILMAN. That is the sum certified by the comptroller as having been claimed in excess of the appropriation.

The CHAIRMAN. For 1921 you had an appropriation of $5,000,000 for this purpose, and it appears that ran short in the sum of $999,439.88. Why was not that reported in the deficiencies that were asked for late in 1921?

Mr. KRAM. That deficiency grew out of the audit of the last quarter of the fiscal year, which was not completed until the accounts were received and the appropriation adjusted. The figures were not available prior to this date.

THURSDAY, NOVEMBER 10, 1921.

OFFICE OF THE SECOND ASSISTANT POSTMASTER GENERAL.

STATEMENT OF COL. EDWARD H. SHAUGHNESSY, SECOND ASSISTANT POSTMASTER GENERAL.

INLAND TRANSPORTATION BY STEAMBOAT OR OTHER POWER-BOAT ROUTES.

The CHAIRMAN. For inland transportation by steamboat or other power-boat routes, you are asking a deficiency appropriation of $341,093.45. Please tell us about that.

Mr. SHAUGHNESSY. We are facing a deficiency on that item, due to the necessity for providing additional service.

The CHAIRMAN. In what way?

Mr. SHAUGHNESSY. First, for service in New York Harbor, the figure is $210,000; that is for the New York Bay and Harbor mail boats. For the Alaskan Service is estimated $54,000; for Hawaiian service, $1,425; for Lake Okeechobee, Fla., $1,958; and we have also put in an item of $50,000 to take care of the increase we have had in the cost of service since July 1, in addition, to take care of emergencies that may arise between now and the end of the fiscal year, based upon our experience so far.

The CHAIRMAN. Tell us how the inland transportation by steamboat differs from the service that was rendered the year before.

NEW YORK BAY AND HARBOR MAIL-BOAT SERVICE.

Mr. SHAUGHNESSY. The New York Bay and Harbor mail boat service was not restored prior to the 1st of April this year, It was not figured on at all in the estimates submitted for this fiscal year. This service was in effect prior to the war, but was discontinued during the war when the transatlantic steamship lines were not running.

The CHAIRMAN. What is the result of that service?

Mr. SHAUGHNESSY. It results in expediting the transatlantic mails in coming to New York.

The CHAIRMAN. How much does it advance the transit of mails?

Mr. SHAUGHNESSY. From 12 to 24 hours in the port of New York.

The CHAIRMAN. What does the service consist of?

Mr. SHAUGHNESSY. Of from one to three boats. We have a contract with the New York Central Railroad to furnish us from one to three boats to meet the incoming transatlantic steamers at quarantine and to take this mail to Pier No. 72, there either loading it directly on railroad cars at the pier or sending it to the general post office.

The CHAIRMAN. How much does the New York Harbor and Bay service cost?

Mr. SHAUGHNESSY. It is costing now approximately $200,000 a year.

The CHAIRMAN. It was discontinued during the war because of what?

Mr. SHAUGHNESSY. Because of the interruption to the transatlantic mails. There was no necessity for it. Its restoration was not figured on when the estimates were put in.

The CHAIRMAN. When the service is not in, what effect does it have upon the expeditious movement of the mails?

Mr. SHAUGHNESSY. It delays mails very materially, and adds materially to the expense of motor-vehicle service because all of that mail would necessarily be transported by motor vehicle through the streets of New York. In utilizing boats and the pier facilities we are able to load at least 50 per cent of the mails directly into railway cars, and we are gradually increasing that percentage. This relieves the motor-vehicle service accordingly.

The CHAIRMAN. How much will that amount to?

Mr. SHAUGHNESSY. We have not been furnished with any figures as yet, because the service has just been established. I do not know what saving there will be in connection with motor-vehicle service. I know, however, that when a steamer like the *Olympic* brings in 6,000 sacks of mail, it would require about 50 truck trips to handle that amount of mail. They would use that many trucks in handling the mail, the greater portion or at least half of which goes directly to the railway cars from the mail boats.

The CHAIRMAN. If that mail were not taken off the ship until it landed at the wharf, how much would it be delayed in distribution?

Mr. SHAUGHNESSY. It would mean a delay of from three to twelve hours. It would particularly delay the mails for the interior of the country.

The CHAIRMAN. The department thinks it is wise to reinstall that service?

Mr. SHAUGHNESSY. We considered it not only wise but absolutely necessary, or we would not have done so.

HAWAIIAN MOTOR-BOAT SERVICE.

The CHAIRMAN. What about the Hawaiian service, or what do you do there?

Mr. SHAUGHNESSY. That is a service we have arranged for in order to take care of the mails for some of the outlying islands. It is a motor-boat service.

The CHAIRMAN. What does it cost?

Mr. SHAUGHNESSY. At the rate of $1,425 a year.

The CHAIRMAN. What is the importance of it?

Mr. SHAUGHNESSY. It is absolutely necessary to give adequate mail service to some of the outlying islands. Ordinarily, this would not be included as a deficiency item, but it would be handled in a routine manner. The fact that we have a deficiency makes us list several of these small power-boat routes.

The CHAIRMAN. The Hawaiian service was in effect during last year, was it not?

Mr. SHAUGHNESSY. No, sir; this is additional service.

FLORIDA MOTOR-BOAT SERVICE.

The CHAIRMAN. What is the Florida service?

Mr. SHAUGHNESSY. It consists of a motor-boat route on Lake Okeechobee to provide service in connection with 30 miles of railroad, being built from Moore Haven into the interior, opening up a number of new post offices, requiring the extension of one of our power-boat routes on Lake Okeechobee. It has been extended to more fully cover both sides of the lake, giving mail service to both West Palm Beach and Miami.

The CHAIRMAN. How much is the cost of it?

Mr. SHAUGHNESSY. $1,958 per annum is the contract.

ALASKA SERVICE.

The CHAIRMAN. What is the next item?

Mr. SHAUGHNESSY. The Alaskan service.

The CHAIRMAN. What is that service?

Mr. SHAUGHNESSY. We have reentered into contracts with the Pacific Steamship Co. and the Alaska Steamship Co. to restore the prewar mail service for all the Alaskan coastwise points between Seattle, Wash., and Seward, Alaska. That is the first item.

The CHAIRMAN. How much will that cost?

Mr. SHAUGHNESSY. That is estimated to cost $54,000 for the rest of the year.

The CHAIRMAN. When did it begin?

Mr. SHAUGHNESSY. It will begin the first week in November.

The CHAIRMAN. Is that a winter service as well as a summer service?

Mr. SHAUGHNESSY. Yes, sir; it is a year-round service. The arrangements have just been completed. Since the original service was discontinued the mail has been shipped by freight and express. That was the arrangement under the previous administration.

The CHAIRMAN. How does the cost of taking it by boat as mail compare with the cost of taking it as freight?

Mr. SHAUGHNESSY. It is very much greater. It is an increase of approximately $50,000 a year.

The CHAIRMAN. What becomes of the amount saved on account of the freight? Where does that go?

Mr. SHAUGHNESSY. There is no saving on that. The freight service has been discontinued.

The CHAIRMAN. How much were you paying for that service?

Mr. SHAUGHNESSY. We save paying for it.

The CHAIRMAN. You will save that, will you not?

Mr. SHAUGHNESSY. Yes, sir; we save the freight, and that is figured in the estimate.

The CHAIRMAN. What is the difference in the time of delivery under the new system as compared with the old system?

Mr. SHAUGHNESSY. It ranges from one week to three months.

The CHAIRMAN. Do you mean there is that much saving?

Mr. SHAUGHNESSY. Yes, sir; in time. When mail was shipped by freight, the ships frequently would not call because there was no freight for the ship, and they would carry the mail to Seward or, perhaps, back to Seattle. I have had reports come to me that mail was delayed three months on that account. There is no obligation on the part of the steamship lines to handle the mail as mail when it is shipped as freight. The contract service obliges them to make the ports of call regardless.

The CHAIRMAN. Will you ship it by the same boats that formerly carried it as freight? Before you installed this mail service, you shipped the mail by freight?

Mr. SHAUGHNESSY. Yes, sir.

The CHAIRMAN. And now you propose to use the same boats and give them $50,000 more because they carry it as mail?

Mr. SHAUGHNESSY. We also use additional boats.

The CHAIRMAN. You use these same steamship lines?

Mr. SHAUGHNESSY. Yes, sir.

The CHAIRMAN. And you propose to give them $50,000 more to do the same work?

Mr. SHAUGHNESSY. No, sir; they will have to do more work in calling at every designated port, and will carry a mail clerk on board the ship and provide facilities aboard for distributing mail.

The CHAIRMAN. Who pays the salary of the mail clerk?

Mr. SHAUGHNESSY. We pay the mail clerk's salary.

The CHAIRMAN. Because a mail clerk goes on the ship does not add anything to the cost of the ship.

Mr. SHAUGHNESSY. We pay more money for an improved service. There is no question about that, in changing the mail from freight to mail.

The CHAIRMAN. Will you derive any additional revenue from it?

Mr. SHAUGHNESSY. No, sir.

The CHAIRMAN. Is it not in the nature of a subsidy to these steamship lines?

Mr. SHAUGHNESSY. I would not say it was in the nature of a subsidy. It is compensation.

The CHAIRMAN. Is there any authority in the Postmaster General to make a contract like this?

Mr. SHAUGHNESSY. Yes, sir.

The CHAIRMAN. What is the authority? Would it not be wiser for you to come to Congress and get authority to spend this money before you contract to spend it?

Mr. SHAUGHNESSY. I suppose it would be wiser, but we figure that when a situation like that comes up it ought to be handled promptly.

The CHAIRMAN. It does not seem to me that an administrative branch of the Government has any right to undertake an activity like this without first getting authority to do it. You go on and make the appropriation without consulting anybody. We are elected to do

that as representing the people, I suppose, and we are speaking for them. We are the only constitutional body that has a right to make an appropriation. You have no right to do it, but here you go ahead and do it and then come here and tell us you have done it and ask us to ratify it.

Mr. SHAUGHNESSY. That is the situation exactly. We are telling you what we have done and asking you to approve it. Of course, you would not want me to come to you with this mass of steamboat contracts stuff that comes over my desk constantly and ask what should be done. I assume the responsibility for doing this. When a situation develops where a service must be given, and where we have a Territory like Alaska up in arms, the only thing to do is to go ahead.

The CHAIRMAN. The people in Alaska are up in what?

Mr. SHAUGHNESSY. Up in arms.

The CHAIRMAN. How many people are in Alaska?

Mr. SHAUGHNESSY. About 50,000.

The CHAIRMAN. That is $1 apiece on this one contract.

Mr. SHAUGHNESSY. We have places where we pay more than that for the delivery of mail.

The CHAIRMAN. This is an increase. You have just added $1 apiece to the cost of citizenship in Alaska in connection with this one activity. It seems to me, and I am sure that it is the view of everybody else on this committee, that there is a good deal of assumption of authority on the part of an executive officer of the Government in deciding a question like this that should be decided by the people who are here to make the laws. I do not think it ought to be done.

Mr. SHAUGHNESSY. These actions are subject to change.

The CHAIRMAN. There is a Congress here, and it is elected for the purpose of doing certain things. I do not say that this may not be a worthy activity, but whether it is worthy or unworthy, it seems to me that you gentlemen who are in administrative positions ought not to assume to decide these matters without authority. If you have no authority, you are liable under the law for violating the law. This is a law as binding as any other law, and you swore when you took your office that you would obey the law, but instead of obeying it, you go on and violate it, and pay no attention to it.

Mr. SHAUGHNESSY. If there was the slightest doubt in my mind as to the wisdom of entering into contracts such as these, I would come up here to you.

The CHAIRMAN. You would not need to come to me.

Mr. SHAUGHNESSY. I would come to the committee. I will do anything that is right or agreeable, and will not assume any authority in this thing, but when a situation like this develops——

The CHAIRMAN (interposing). Then the thing to do is to get authority, but do not make appropriations in advance. That is the province of Congress, and you have no authority to make appropriations. If you have, then Congress had as well adjourn.

Mr. SHAUGHNESSY. We can change all of that and cut this service out. It is not too late to recall the contracts. This is all under way, and I thought I would get it before you before the thing actually went into effect. If it is the opinion of the committee that we should not go ahead, it can be stopped.

The CHAIRMAN. It is not a question of whether you ought to go ahead on it or not, but it is a question that you ought to submit to Congress before you decide to go ahead, and not decide what you will do and then tell us you have done it. You should not do that and say, "Here is the obligation, and you must pay it." We are not here to be told what ought to be done; we are here to tell you what ought to be done, but you do not wait for us to tell you.

FREIGHT AND EXPRESSAGE.

The CHAIRMAN. For pay of freight or expressage on postal cards, stamped envelopes, newspaper wrappers, and empty mail bags, you are asking $1,389.21 for the fiscal year 1921. What is that for?

Mr. SHAUGHNESSY. That is due to the fact that there was a shortage in the appropriation resulting from the increase in freight rates that was not expected when the estimates were submitted.

The CHAIRMAN. Would there have been any money in the appropriation to pay this if the bills had been submitted in time?

Mr. KRAM. The postmasters paid these bills under general authority and submitted claims for them in their quarterly returns. No officer could have had an accurate check on them.

The CHAIRMAN. Was there any unexpended balance in the fund?

Mr. KRAM. None at all.

The CHAIRMAN. So they would not have been paid anyway, even if they had been submitted in time?

Mr. KRAM. That is correct.

AIR MAIL SERVICE.

The CHAIRMAN. For the operation and maintenance of the Air Mail Service between New York and San Francisco, you are asking $350,000. We gave you $1,250,000 for 1922, and you operated that service last year for $1,250,000. Why do you need a deficiency of $350,000?

Mr. SHAUGHNESSY. Up to July 1. During the previous administration and up to July 1, under a ruling of the Comptroller General, which I considered technical, funds had been diverted from the railroad transportation appropriation to meet obligations incurred in the air mail service. When I found that condition, I stopped paying moneys out of the railroad transportation appropriation bringing about this situation.

The CHAIRMAN. You would have no right to do that anyway.

Mr. SHAUGHNESSY. I thought so myself and stopped it.

The CHAIRMAN. When we made this appropriation, we made it with the distinct understanding that $1,250,000 would perform the work.

Mr. SHAUGHNESSY. It is not sufficient to carry on the operation of the route from Chicago to New York, as we have found necessary to operate it.

The CHAIRMAN. Why not?

Mr. SHAUGHNESSY. Our expenditures were greater than the figures that were submitted.

The CHAIRMAN. How much mail do you carry, and how many trips do you make per month?

Mr. SHAUGHNESSY. I can not say, but we cover the route every day.

Pay roll, Air Mail Service, Nov. 15, 1921—Continued.

	Number employed.	Annual salary.	Total.
Repair depot, Maywood—Continued.			
Mechanics' helpers	1	$1,150	$1,150
Do	11	1,050	11,550
Chauffeur	1	1,500	1,500
Do	1	1,400	1,400
Do	1	1,150	1,150
Laborer	1	1,600	1,600
Do	1	1,400	1,400
Do	6	1,050	6,300
Watchman	1	1,050	1,050
Total	88		131,350
Eastern division — New York to Chicago:			
Superintendent	1	3,150	3,150
Assistant superintendent	1	2,850	2,850
Field manager	3	2,200	6,600
Do	1	2,000	2,000
Chief mechanic	3	2,200	6,600
Radio operator	3	2,000	6,000
Do	4	1,800	7,200
Office clerks	2	1,750	3,500
Do	2	1,700	3,400
Do	2	1,500	3,000
Do	1	1,200	1,200
Stock clerk	1	1,600	1,600
Do	1	1,500	1,500
Do	2	1,400	2,800
Mechanics	1	2,200	2,200
Do	7	2,000	14,000
Do	2	1,850	3,700
Do	5	1,800	9,000
Do	7	1,750	12,250
Do	6	1,700	10,200
Do	15	1,600	24,000
Do	2	1,500	3,000
Rigger	3	2,000	6,000
Do	1	1,800	1,800
Do	1	1,750	1,750
Do	2	1,600	3,200
Helpers	4	1,500	6,000
Do	2	1,400	2,800
Do	1	1,350	1,350
Do	3	1,250	3,750
Do	2	1,150	2,300
Do	1	1,050	1,050
Laborers	1	1,600	1,600
Do	1	1,400	1,400
Do	1	1,200	1,200
Do	5	1,050	5,250
Watchman	1	1,400	1,400
Do	3	1,150	3,450
Do	3	1,050	3,150
Chauffeur	1	1,500	1,500
Do	1	1,400	1,400
Total	109		180,100
Pilots	17	2,000	34,000
Grand total			214,100
Central division—Chicago to Rock Springs:			
Superintendent	1	3,150	3,150
Assistant superintendent	1	2,850	2,850
Field manager	3	2,200	6,600
Do	1	2,000	2,000
Do	1	1,800	1,800
Chief mechanic	1	2,200	2,200
Radio operator	5	2,000	10,000
Do	3	1,800	5,400
Do	1	1,600	1,600
Do	1	1,700	1,700
Central division—Chicago to Rock Springs—Con.			
Office clerks	1	$1,700	$1,700
Do	1	1,600	1,600
Do	2	1,500	3,000
Do	2	1,400	2,800
Do	1	1,250	1,250
Stock clerk	1	1,400	1,400
Do	1	1,250	1,250
Mechanics	4	2,000	8,000
Do	1	1,850	1,850
Do	12	1,750	21,000
Do	5	1,700	8,500
Do	8	1,600	12,800
Do	1	1,500	1,500
Rigger	1	1,850	1,850
Do	1	1,750	1,750
Do	1	1,600	1,600
Helpers	3	1,500	4,500
Do	5	1,400	7,000
Do	1	1,300	1,300
Do	9	1,250	11,250
Do	1	1,050	1,050
Watchmen	1	1,250	1,250
Do	7	1,050	7,350
Total	88		142,850
Pilots	15	2,000	30,000
Grand total			172,850
Western division—Rock Springs to San Francisco:			
Superintendent	1	3,150	3,150
Assistant superintendent	1	2,850	2,850
Field manager	1	2,400	2,400
Do	2	2,200	4,400
Chief mechanic	1	2,200	2,200
Do	2	2,000	4,000
Radio operator	3	2,000	6,000
Do	3	1,800	5,400
Office clerk	1	2,000	2,000
Do	2	1,700	3,400
Do	1	1,600	1,600
Do	1	1,400	1,400
Do	1	1,150	1,150
Stock clerk	2	1,400	2,800
Do	1	1,050	1,050
Mechanics	3	2,000	6,000
Do	3	1,850	5,550
Do	3	1,800	5,400
Do	7	1,750	12,250
Do	1	1,700	1,700
Do	8	1,600	12,800
Do	4	1,500	6,000
Do	2	1,400	2,800
Rigger	1	2,200	2,200
Do	1	2,000	2,000
Do	1	1,750	1,750
Helpers	7	1,400	9,800
Do	1	1,350	1,350
Do	2	1,200	2,400
Do	4	1,150	4,600
Do	1	1,050	1,050
Watchmen	1	1,400	1,400
Do	1	1,150	1,150
Do	4	1,050	4,200
Chauffeur	2	1,750	3,500
Total	80		131,700
Pilots	11	2,000	22,000
Grand total			153,700

Mr. SHAUGHNESSY. Let me point out that this money is not as yet expended nor have any obligations been incurred; it means that to operate the New York-San Francisco route to the end of the fiscal year we estimate that we will need that much additional money.

AVERAGE WEIGHT OF MAIL CARRIED.

The CHAIRMAN. What is the average amount of mail that you carry in weight in each load?

Mr. SHAUGHNESSY. We have two types of planes: The old style planes carry an average of 300 pounds and the new ones carry an average of 700 pounds.

The CHAIRMAN. Do they carry that much?

Mr. SHAUGHNESSY. Yes, sir.

The CHAIRMAN. Do they expedite the delivery of mail on the Pacific coast?

Mr. SHAUGHNESSY. They expedite the delivery of a very small percentage of first-class mail.

The CHAIRMAN. How much?

Mr. SHAUGHNESSY. I would have to guess at it. I should say that it would not exceed more than one-tenth of 1 per cent.

The CHAIRMAN. One-tenth of 1 per cent of the first-class mail carried over that route?

Mr. SHAUGHNESSY. Yes, sir.

The CHAIRMAN. Tell us how you work this route. What time do you leave New York?

Mr. SHAUGHNESSY. At 7.30 in the morning.

The CHAIRMAN. What mail do you take from New York?

Mr. SHAUGHNESSY. Cleveland letters and some Chicago gateway; the clean-up mail.

The CHAIRMAN. Mail coming in after 8.45 at night?

Mr. SHAUGHNESSY. Yes, sir. It is taken to Cleveland by plane and an exchange made with the fast mail train that left New York at 8.45 o'clock the night before. There 350 or 400 pounds of mail is taken from the fast mail train and delivered in Chicago early in the evening, so as to catch the 9 o'clock westbound fast mail trains. A mail plane leaves Chicago at 7.30 o'clock in the morning and the same sort of an operation is repeated for the west. It overtakes the fast mail train leaving Chicago the night before at North Platte, Nebr., and exchanges mail with it, taking mail from the train and carrying it to the next exchange point. The planes work as auxiliaries to the fast mail trains crossing the continent.

The CHAIRMAN. How many letters finally reach the Pacific coast in advance of the train schedules?

Mr. SHAUGHNESSY. I can not say. There is no attempt to segregate certain mail for the airplane service.

The CHAIRMAN. But you must know how many letters would be finally delivered in advance of the train schedule on each plane and how many hours they would reach San Francisco in advance of the train schedule? It would not be more than one-tenth of 1 per cent?

Mr. SHAUGHNESSY. During the quarter ending September 30 there [illegible] handled by the air mail planes. That is es[illegible] handled by the planes over the entire ro[illegible]

The CHAIRMAN. That is, you take some from New York and put them off at Cleveland, and you take some on at Cleveland and deliver them at Chicago, and you take some on at Chicago and deliver them to Omaha, put them on the train at Omaha, and take some off the train at Omaha. Do you count that five times or only one?

Mr. SHAUGHNESSY. We count that five times.

The CHAIRMAN. Five times as much mail as you carry, you count?

Mr. SHAUGHNESSY. That is one way of looking at it

The CHAIRMAN. Is not that the fact?

Mr. SHAUGHNESSY. If we had through service and only handled letters from New York to San Francisco it might be said that we counted more mail than was handled through. However, the planes handle mail from one big city to the next so that the same letters are not counted more than once. Care is taken to avoid such a condition.

The CHAIRMAN. If you put 16,000 letters on the train which came in after the 8.45, which was the last train, you drop those 16,000 letters on the train at Cleveland?

Mr. SHAUGHNESSY. Yes, sir.

The CHAIRMAN. And you take 16,000 letters off the train at Cleveland and carry them to Chicago. You have 32,000, the way you figure. When you get to Chicago you put 16,000 letters on the train and take 16,000 letters off. That is 48,000. Then, when you get to Omaha you put 16,000 letters off and you take 16,000 letters on; that is 64,000; and when you get to Salt Lake City you do the same thing; you have 80,000 letters for which you take credit, while, as a matter of fact, you have only had 16,000 letters all the time.

Mr. SHAUGHNESSY. We do not take credit in that way. There are only 16,000 advanced in each instance.

The CHAIRMAN. But when you talk about the millions of letters that you have handled, you count them every time you transfer them from one train to another?

Mr. SHAUGHNESSY. There is merit in the claim made for handling the large number of airplane letters reported, because in handling these letters Cleveland, Chicago, and other cities' local mail is preferenced. In order to make this point clearer I will insert in the record one of our air-mail schedules.

Air Mail Service, winter schedule, New York to San Francisco (daily except Sundays and holidays).

WEST.

	Miles.
Leave New York 7.30 a. m.; arrive Bellefonte 10.25 a. m.	225
Leave Bellefonte 10.45 a. m.; arrive Cleveland 1.30 p. m.	210
375 to 400 pounds. All letter mail for Cleveland accumulated in New York postal zone after 8.40 p. m., the leaving time of New York and Chicago R. P. O. train 35. Letter mail for Bellefonte accumulated after midnight. Balance load will be Chicago gateway mail held off New York and Chicago R. P. O. train 9 due to leave New York 5.15 a. m. (due arrive Cleveland 10.50 p. m.) for dispatch to New York & Chicago R. P. O. train 43 due Cleveland 5.30 p. m. At Bellefonte take on pouch for Cleveland to contain mail for that office and connections.	
Leave Cleveland 8.40 a. m. (eastern time); arrive Bryan 9.40 a. m. (central time)	160

Miles.

Leave Bryan 10 a. m.; arrive Chicago 12.15 p. m..... 175

375 to 400 pounds. Take Chicago city mail off New York and Chicago R. P. O. train 19 due to arrive Cleveland 8 a. m. (due to arrive Chicago 4 p. m.). Cleveland office will dispatch pouch for Chicago and Bryan. Bryan will dispatch to Chicago.

Leave Chicago 6.30 a. m.; arrive Iowa City 9.05 a. m..... 195

Leave Iowa City 9.25 a. m.; arrive Omaha 12.30 p. m..... 230

375 to 400 pounds. Two hundred pounds Omaha city and balance California and western mail to connect Omaha and Ogden R. P. O. train 5 at North Platte. Iowa City will dispatch pouch for Omaha.

Leave Omaha 12.30 p. m.; arrive North Platte 3.50 (central time)..... 245

(Do not hold later than 1.30 p. m. for ship from Chicago.)

375 to 400 pounds. Take western mail from Chicago ship and fill load from Omaha post office. Also pouch for North Platte from Omaha post office. Western mail to be dispatched to train 5 due North Platte 4.32 p. m.

Leave North Platte 7.30 a. m. (mountain time); arrive Cheyenne 10.15 a. m.. 215

Leave Cheyenne 10.30 a. m.; arrive Rawlins 12.10 p. m..... 134

Leave Rawlins 12.25 p. m.; arrive Rock Springs 2 p. m..... 106

375 to 400 pounds. Take Cheyenne, Rawlins, and Rock Springs mail from Omaha and Ogden R. P. O. train 13 due to arrive North Platte 7.10 a. m. At Cheyenne take on pouches for Rawlins and Rock Springs (reduce load to 300 pounds at Cheyenne).

Leave Rock Springs 7 a. m.; arrive Salt Lake 9 a. m. (mountain time)..... 155

Take Salt Lake City letter mail off Omaha and Ogden R. P. O. train 5 due arrive Rock Springs 4.36 a. m. (due arrive Salt Lake 2.30 p. m.).

Leave Salt Lake City 6.30 a. m. (mountain time); arrive Elko 9.15 a. m..... 205

Leave Elko 9.35 a. m.; arrive Reno 12.35 p. m..... 235

Leave Reno 12.55 p. m.; arrive San Francisco 3.25 p. m..... 190

300 pounds. Take letter mail for Elko, Reno, and San Francisco accumulated at Ogden and Salt Lake after departure of Ogden and San Francisco R. P. O. train 9 leaving 12.55 p. m. Elko will dispatch pouches for Reno and San Francisco. Reno will pouch on San Francisco.

EAST.

Leave San Francisco 2.30 p. m. (western time); arrive Reno 4.30 p. m..... 190

300 pounds. Take all eastern mail accumulated at San Francisco after departure of Ogden and San Francisco train 2 due to leave San Francisco 11 a. m.; also pouch for Reno. Dispatch eastern mail to train 2 which is due to depart Reno 9.30 p. m. (mail for Chicago and East advanced one full day by overtaking fast train 2).

Leave Reno 6.30 a. m. (western time); arrive Elko 9 a. m..... 235

Leave Elko 9.15 a. m.; arrive Salt Lake 11.30 a. m. (mountain time)..... 205

300 pounds. Take eastern mail off Ogden and San Francicso train 20 due to arrive Reno at 4.35 a. m. and dispatch to Omaha and Ogden train 2 due to leave Salt Lake 12 noon. (Train 20 leaves San Francisco 6 p. m. and this dispatch connects at Ogden train 2 which left at 11 a. m., thereby advancing eastern mail one full day.) San Francisco dispatch pouch for Salt Lake via train 20. Reno pouch on Elko and Salt Lake; Elko pouch on Salt Lake.

Leave Salt Lake 6.45 a. m. (mountain time); arrive Rock Springs 8.45 a. m... 155

Leave Rock Springs 9 a. m.; arrive Cheyenne 12 noon..... 240

300 pounds. 150 pounds Salt Lake post office and 150 pounds from Salt Lake City and California R. P. O. train 4 due to arrive 6 a. m. Salt Lake office and clerks in train 4 to pouch on Cheyenne office and on Omaha and Ogden R. P. O. train 20 due to leave Cheyenne 12.40 p. m. (Train 20 leaves Salt Lake 7.50 p. m., and by overtaking this train at Cheyenne, eastern mail is advanced one day.) Rock Springs pouch on Cheyenne.

Leave Cheyenne 6.15 a. m. (mountain time); arrive North Platte 8.30 a. m. (mountain time)..... 215

Leave North Platte 9.45 a. m. (central time): arrive Omaha 12.45 p. m..... 245

400 pounds. Take Omaha city mail off Omaha and Ogden train 6 due to arrive Cheyenne 1.30 a. m. (arrive Omaha 4.50 p. m.) and from Omaha and Ogden train 2 due Cheyenne 5.25 a. m. (due Omaha 7.15 p. m.). Cheyenne to pouch on Omaha and Chicago dispatch. Train 2 dispatch Southwestern States for Wabash connection due to leave Omaha at 5.30 p. m. At North Platte take on pouch from that office to contain Omaha city and connections.

	Miles.
Leave Omaha 8 a. m.: arrive Iowa City 10.30 a. m.	230
Leave Iowa City 10.45 a. m.; arrive Chicago 1 p. m.	195
375 to 400 pounds. Take Chicago city mail from Omaha post office and from Omaha and Ogden train 4 due 7 a. m. and train 12 due 7.05 a. m. and from Omaha and Denver R. P. O. train 6 due 7 a. m. Omaha post office pouch on Iowa City: Iowa City will pouch on Chicago.	
Leave Chicago 11 a. m. (central time): arrive Bryan 1 p. m.	175
Leave Bryan 1.15 p. m.; arrive Cleveland 4 p. m. (eastern time)	160
375 to 400 pounds. Take New York City mail and mail for points east of Cleveland formerly dispatched to New York and Chicago R. P. O. train 10 (leaving Chicago 10.30 a. m. and arriving Cleveland 8.30 p. m.) and from train 26 (leaving Chicago at 12.40 p. m. and arriving Cleveland 8.35 p. m.) for dispatch at Cleveland to New York and Chicago R. P. O. train 4 due to leave 6.15 p. m. and arrive New York 8 a. m. Chicago post-office dispatch pouch for train 4 and for Bryan and Cleveland offices; Bryan to dispatch pouch for Cleveland.	
Leave Cleveland 7.30 a. m. (eastern time): arrive Bellefonte 10 a. m.	210
Leave Bellefonte 10.15 a. m.; arrive New York 1 p. m.	225
375 to 400 pounds. Take New York City letter mail off train 22 New York and Chicago R. P. O. due to arrive Cleveland 2.56 a. m. (due arrive New York 5.25 p. m.). Cleveland will pouch on New York; Bellefonte pouch on New York.	

NOTE.—The time shown in this schedule for arrival and departure at intermediate stations and arrival at terminals only for reference. Ships will leave intermediate stations as early as possible after being serviced. The time of departure from initial points will be strictly adhered to and our records of past performance indicate that arriving time at the several terminals will, under ordinary circumstances, be much earlier than that shown on this schedule which has been made on a 70 to 90 mile-an-hour basis.

The CHAIRMAN. How much does it cost to run a plane an airplane mile?

Mr. SHAUGHNESSY. The last figures——

Mr. KELLEY (interposing). You advance the 16,000 letters from New York, you get them to Cleveland ahead of time. That is, if you did not do anything more, they would get there sooner?

Mr. SHAUGHNESSY. Four or five hours.

Mr. KELLEY. Then, at Cleveland, you advance them?

Mr. SHAUGHNESSY. Yes, sir; at Chicago it would amount to about 12 hours.

The CHAIRMAN. But the transcontinental average that you finally deliver is 16,000?

Mr. SHAUGHNESSY. No; I would not say that because the local mail is advanced considerably at intermediate points. From New York to Cleveland these letters are advanced from three to four hours. Those taken at Cleveland for Chicago are advanced perhaps 12 hours.

The CHAIRMAN. You advance 16 hours on the final delivery?

Mr. SHAUGHNESSY. The final delivery is advanced 24 hours and also the mail is advanced all along the line, our air-mail service is organized as an auxiliary service.

COST OF SERVICE PER MILE.

The CHAIRMAN. How much per airplane mile does it cost?

Mr. SHAUGHNESSY. The average cost now is 71 cents a mile, including everything.

The CHAIRMAN. You have reduced it from $1?

Mr. SHAUGHNESSY. The $1 was a guess. I have had it figured closely; it was 83 cents a year ago this time. It may have been a dollar earlier in the game.

The CHAIRMAN. That is the flying cost?

Mr. SHAUGHNESSY. No; that is everything, taking in the overhead.

The CHAIRMAN. Does that include any investment in the planes?

Mr. SHAUGHNESSY. No; because we get the material from the War Department.

The CHAIRMAN. When you take into consideration the cost of the planes, repairs, etc., how much does it cost a mile to operate a plane?

Mr. SHAUGHNESSY. Seventy-one cents.

The CHAIRMAN. Does that include the loss of planes?

Mr. SHAUGHNESSY. Everything right now.

The CHAIRMAN. And the purchase of the plane?

Mr. SHAUGHNESSY. That takes in everything. We have no capital investment because the War Department furnishes the planes from its surplus. This is our operating and maintenance cost. We have figured no capital investment.

Mr. WOOD. You mean that you are operating them at a loss of 71 cents?

Mr. SHAUGHNESSY. No; that is what it costs us.

Mr. WOOD. What do you get for it?

Mr. SHAUGHNESSY. We might say that we get the 2-cent postage on the letters carried.

The CHAIRMAN. You do not get the 2 cents, because you pay the railroads for carrying the mail anyway?

Mr. SHAUGHNESSY. Yes, sir. But we could not carry this mail by train without some additional expense.

The CHAIRMAN. You pay the railroads for the transportation of the mail anyway, now.

Mr. WOOD. There was one time, as I understand it, that you operated a mail airplane to New York, where you paid 20 cents a letter?

Mr. SHAUGHNESSY. That was a long time ago.

The CHAIRMAN. When the air-mail service was inaugurated the Postmaster General was authorized to charge a special rate. He was also authorized to change the rate when he pleased and he cut the rate down to the normal postage cost.

Mr. KELLEY. Where do they land with these airplanes?

The CHAIRMAN. They land, for example, at Bolling Field, in Washington and Hazlehurst, at New York.

Mr. KELLEY. Army fields?

Mr. SHAUGHNESSY. Those are our fields; we have leased them for $1 a year.

The CHAIRMAN. At Chicago they land at Maywood.

Mr. SHAUGHNESSY. We have arranged with the Treasury officials for the use of the Speedway grounds without cost.

The CHAIRMAN. It cost $3,500,000 to buy that, so you are not doing it without cost.

Mr. SHAUGHNESSY. Without cost to us.

The CHAIRMAN. What does it cost per ton-mile to carry mail by airplane, $5?

Mr. SHAUGHNESSY. I would have to figure that out.

The CHAIRMAN. You will add more than 71 cents?

Mr. SHAUGHNESSY. That is the operating cost, without taking into account the capital investment. The planes are given to us.

The CHAIRMAN. You have bought airplanes for the post office at $30,000?

Mr. SHAUGHNESSY. I am not buying any.

The CHAIRMAN. I am talking about the Post Office. They burned them all. I do not know whether they were all burned, but some men were burned with them.

Mr. WOOD. Do you not think it is about time to abandon it?

Mr. SHAUGHNESSY. I would not think so.

Mr. WOOD. Where does the advantage come from?

Mr. SHAUGHNESSY. There is a great advantage——

The CHAIRMAN (interposing). A lot of sentiment.

Mr. SHAUGHNESSY. It is a very valuable adjunct; it has no particular value as a mail facility right now, excepting to develop aviation as it is being developed in the other countries.

Mr. WOOD. It will never become valuable for general purposes?

Mr. SHAUGHNESSY. I can not say; I am not a flying man, but it is of interest to those in the aviation business.

Mr. WOOD. Of course they are interested.

The CHAIRMAN. What is the commercial value of developing the plane; what advantage is it?

Mr. SHAUGHNESSY. There are several advantages. My own opinion is that there is no particular advantage at the present time to the Postal Service, because night flying has not been perfected. The advantage all lies in continuing this service and working something practical out of it. The commercial aviation interests of the country are greatly dependent upon the New York-San Francisco route to get reliable operating figures so they can get started. We are doing the experimental work for them.

The CHAIRMAN. You are doing the pioneer work?

Mr. SHAUGHNESSY. Absolutely.

The CHAIRMAN. To prove the utility of the air service?

Mr. SHAUGHNESSY. That is right.

The CHAIRMAN. Please give us the per ton-mile cost.

Mr. SHAUGHNESSY. It figures up roughly as you have it $5 a mile. I have it $4.97. You are probably closer than I am.

The CHAIRMAN. That does not include any cost of the plane or any destruction of equipment or the cost of the field or anything of that sort?

Mr. SHAUGHNESSY. It includes everything except purchasing the plane; everything else is included.

The CHAIRMAN. What does it cost by rail?

Mr. SHAUGHNESSY. By rail?

The CHAIRMAN. Yes, sir.

Mr. SHAUGHNESSY. Nine cents.

The CHAIRMAN. It costs about 9 cents per ton-mile?

Mr. SHAUGHNESSY. Just about.

The CHAIRMAN. Nine cents per ton-mile. We are paying $96,000,000 a year for the transportation of the mails, and outside of that we pay for airplane service, that is on the basis of 9 cents a ton-mile; $5.35 divided by 9—60 times as much, and 60 times $96,000,000, if we carried all mail in that way, would be $5,760,000,000 for doing by airplane what we are now doing by rail; that is, if we assume that we

could do it. It looks to me like this is one of the extremely wasteful things. I have always said that, but we have for sentimental reasons continued to do it.

Why do you want $350,000 extra? That, of course, would add to the per ton-mile cost?

Mr. SHAUGHNESSY. The original estimate was too low. They estimated below cost, figuring on paying it out of the railroad transportation appropriation.

The CHAIRMAN. We gave them all they wanted, and they came right back and asked for a deficiency in order that they might pay for the air mail service out of railroad transportation. That is the way they make their obligations. Did you come here to defend this or to tell us that you did not want it?

Mr. SHAUGHNESSY. I think it would be unwise to discontinue the New York-San Francisco route, because we ought to do something to encourage transportation of mail by airplane.

Mr. WOOD. The Army and Navy are doing that. We are spending millions and millions of dollars.

Mr. SHAUGHNESSY. But they are not doing what we are doing. Their airplanes are all of a military nature and not related to commercial airplanes. They spend their money in a way that no commercial group would, while the air mail service is as close as you can get to a bona fide commercial proposition, and it is giving the aviation people who are interested and who intend to get started something they can check up and work on.

The CHAIRMAN. If this $350,000 was not allowed, we assume that you would keep within the amount appropriated?

Mr. SHAUGHNESSY. I would have to further reduce the air mail activities.

The CHAIRMAN. That is to say, you would not make as many trips; you would not stop the service?

Mr. SHAUGHNESSY. I do not know about the trips, whether we could do it on that basis. We might have to go a little further. We might have to discontinue certain parts of the route in the West.

The CHAIRMAN. What advantage would there be from the purely experimental standpoint of keeping 60 planes in the service and making the trips every day? If you made a trip every week you would accomplish the same purpose from the experimental standpoint?

Mr. SHAUGHNESSY. You would not accomplish the same results.

The CHAIRMAN. You would prove the ability of the airplane to fly, would you not?

Mr. SHAUGHNESSY. Yes, sir; but the ability to fly has been proved, our records are very satisfactory in that respect.

The CHAIRMAN. What else would be proved?

Mr. SHAUGHNESSY. The more figures obtained, the more statistics compiled, considering different conditions of the weather and times of the year, etc., the better analysis can be made. There is no question about that; a better idea of what is going on can be had than if there were trips made only once a week.

The CHAIRMAN. I am not sure about that.

Mr. SHAUGHNESSY. That would be my reaction to it. Another thing, flying once a week would make it very difficult to maintain personnel; we could not pay them full compensation.

The CHAIRMAN. You would not have to maintain all the personnel you have now; you would not need them. If you did not operate as often you could reduce the personnel?

Mr. SHAUGHNESSY. We have reduced it now pretty nearly to the point where we can not go much further.

STATUS OF APPROPRIATION.

The CHAIRMAN. What is the state of your appropriation now?

Mr. SHAUGHNESSY. As to the state of the appropriation, up to November 5 we have spent $442,824, leaving a balance of $807,000.

The CHAIRMAN. One-third of the appropriation has been expended?

Mr. SHAUGHNESSY. Our expenditures have been running at the rate of about $115,000.

The CHAIRMAN. You do not need any money?

Mr. SHAUGHNESSY. We are trying to hit——

The CHAIRMAN (interposing). Hit what, the Treasury?

Mr. SHAUGHNESSY. No. We are making a bona fide effort to keep within the appropriation. We are facing the winter——

The CHAIRMAN (interposing). We are trying to help you.

Mr. SHAUGHNESSY. We are facing the winter with considerable maintenance and repair work, we expect difficulty in keeping the hangars fit for our airplanes. We have asked for this additional money to insure satisfactory operation, but we will not spend it if we do not need it.

The CHAIRMAN. Will not a part of the balance take care of the contingencies, too?

Mr. SHAUGHNESSY. I am afraid we would have to discontinue part of the service. It is very difficult to maintain the personnel and not pay reasonable salaries. The pilots have to fly at least every other day to get a salary of $300 a month.

The CHAIRMAN. You can get along just as well without the $350,000?

Mr. SHAUGHNESSY. Not at all; but I can get along by reducing the service.

Mr. KELLEY. What is the difference, so far as the construction of the plane is concerned, for commercial uses and for military uses?

Mr. SHAUGHNESSY. There seems to be a great difference. For commercial use the idea is to build a plane with smaller motors, flying at slower speed so as to have lower operating costs. The military services pay less attention to economical operation, because their whole thought is to get high speed and great power, regardless of expense, so as to carry as heavy a load as they can for offensive and defensive purposes.

Mr. KELLEY. The commercial service permits experimenting with cheaper engines, also?

Mr. SHAUGHNESSY. That is the whole thought at present. I am informed that it is expected to develop an aviation motor, which is being experimented with now, that is intended to use crude oil, similar to the Diesel type used on steamships, the idea being to cut the expense materially.

Mr. KELLEY. Do you not imagine that the Army and the Navy are experimenting along the same general lines?

Mr. SHAUGHNESSY. I have not heard of it. The D. H.-4 Army plane, built in large quantities during the war, when first turned over

to the Post Office would carry 300 pounds. We have taken the same motor and the same plane, changed the design somewhat and we have increased the load to 1,000 pounds. We have 12 of those planes just going into service.

LIFE OF MOTOR PLANE.

Mr. WOOD. What is the life of a motor in a plane in the mail service?

Mr. SHAUGHNESSY. The life of a motor is indefinite, but it should be overhauled about every 100 hours of flying.

Mr. KELLEY. In the Navy they figure that an engine wears out after about 90 hours and that it is not worth while to repair.

Mr. SHAUGHNESSY. We do not find the same situation. We give them a general overhaul every 100 hours of service. We get at least 300 hours' service out of our motors.

Mr. KELLEY. You think if these private companies did not have a place where they could sell their planes it would retard the development of aviation?

Mr. SHAUGHNESSY. I think so. Here is the situation as far as the Post Office Department is concerned. The previous administration went on record, and I am of the same opinion, that when commercial organizations can take over this work we, of course, will get out of it. We do not feel that we have any more business operating airplanes than operating the railroads; for example, when somebody comes along to carry on the business properly, we will go out of it. We have before us now some very definite propositions from aviation people in New York who say they will start a New York-Chicago air route. I do not know whether they will carry the plan through, but just the minute such companies start we will turn the mail over to them and that will end our operation.

The CHAIRMAN. If you turn the mail over to them, you will pay them for the service for which you are already paying the railroads.

Mr. SHAUGHNESSY. A special service would have to be built up in that connection, like bank mail between Chicago and New York, where a very important service could be built up handling the bank clearances.

The CHAIRMAN. If some commercial concern undertook that and charged them a rate, that would be one thing, but if you take the mail off the trains and pay the trains for the movement of the mail and fly besides, that seems idiotic.

Mr. SHAUGHNESSY. There is a certain class of mail—the bankers in New York and Chicago figure that they could save many thousands of dollars a day if the bank clearances could be taken from Chicago, after the close, and gotten into New York in ample time the following morning. That can be done by plane when night flying comes about. It will be done; there is no question about it. The Post Office Department would be justified, in my opinion, in carrying that high-grade mail and giving it specially fast treatment.

The CHAIRMAN. At a 10-cent rate?

Mr. SHAUGHNESSY. Certainly. I am in favor of paying for this sort of service. I think there would be no difficulty in building up a fast service of that kind.

The CHAIRMAN. You have not said much in justification of this request.

Mr. SHAUGHNESSY. I might tell you something of what we have done. Since April 1 we have taken off the Chicago-New York route, the St. Louis-Chicago route, and the St. Paul——

The CHAIRMAN (interposing). They were never authorized?

Mr. SHAUGHNESSY. I know they were never authorized. We took them off and reduced our annual expenditure thereby at the rate of $675,000 a year.

The CHAIRMAN. Let me say this, so far as taking it from the railroads, I do not know whether you would save anything or not. You took the money out of the railroads that belonged to them and paid it to these people, and, of course, all you did was to allow the money to go back to the fund to which it belonged, to the people who earned it, that is what you did?

Mr. SHAUGHNESSY. Yes, sir; that is what we did.

Mr. KELLEY. Has the War Department a supply of airplanes upon which you can draw for a number of years?

Mr. SHAUGHNESSY. You seem to have an unlimited number. The planes deteriorate rapidly. I do not believe that we could depend on that source of supply for over four or five years, because they deteriorate even in storage.

RAILWAY MAIL SERVICE.

FOR RENT, LIGHT, HEAT, FUEL, ETC., WASHINGTON OFFICE, AND RENTAL OF SPACE FOR TERMINAL RAILWAY POST OFFICES.

The CHAIRMAN. The next item is for the Railway Mail Service, and for rent, light, heat, fuel, telegraph, etc., you appear to have a deficiency of $817,000. Please explain that.

CHICAGO UNION PARCEL-POST TERMINAL.

Mr. SHAUGHNESSY. That is to equip the new Chicago union parcel-post terminal. That is not a true deficiency, but we are asking for it in deficiency form in order to expedite the work.

The CHAIRMAN. When do you expect to have it ready?

Mr. SHAUGHNESSY. According to the last report I have had it ought to be ready early in the spring, in January or early February, although there is a carpenter's strike there now, which may delay the work.

The CHAIRMAN. They will not have it ready, so why not let it go over until the regular appropriation bill is taken up?

Mr. SHAUGHNESSY. Here is the difficulty. They have the steel work well under way——

The CHAIRMAN (interposing). I know what they have done.

Mr. SHAUGHNESSY. And the engineering staff of the Chicago Union Station must carry this work along in connection with the steel work and interior fittings of the building, because this is conveyor equipment, which is an integral part of the building. They are waiting on us and we are all ready to close up the matter. We have our bids on the work in now, but we are holding them up until some action can be taken on the appropriation. However, it is very important that we get the benefit of the next three or four months on this installation, so that we can get the parcel-post terminal going promptly.

The CHAIRMAN. How much do you anticipate you can save a year by the use of this terminal?

Mr. SHAUGHNESSY. I have not figured what the saving will be, but we need this for the purpose of taking care of the very rapid increase in parcel-post business.

The CHAIRMAN. Here is what has happened about it. We have several terminals now in which the mail service is carried on; to get the mail into the terminals we have to transport it across the streets in motor trucks, and it is proposed by the establishment of this station, which is under way, to transfer all of the terminal activities to this station and have everything under one roof, which will do away with the necessity of transporting the mail across the streets from one railroad to another. They will have facilities for loading and unloading about 60 cars of mail in and out at a time, and they expect to be able to save in overhead charges about $800,000 a year in this way. I have made some investigation of this myself.

Mr. SHAUGHNESSY. That is the report that was made by the committee.

The CHAIRMAN. Have you an itemized statement showing how this $817,000 was made up?

Mr. SHAUGHNESSY. Not with me, but I have a complete report from our committee, and it has been reviewed by experts furnished by the Bureau of the Budget, who have themselves gone through it very carefully and checked it up.

The CHAIRMAN. We would like to have that here because here is where you have to get action.

Mr. SHAUGHNESSY. I will include in the record such an itemized statement.

The CHAIRMAN. We want to know what it consists of, what advantage will result by the installation of this equipment, how much it will expedite the mails, how much it will save, and the necessity of these facilities from the mail movement standpoint.

Mr. SHAUGHNESSY. I will include that in the record and make it complete.

NOTE.—The estimate for an additional appropriation of $817,000 for Railway Mail Service, miscellaneous expenses, 1922, covers equipment for the new Union Terminal R. P. O., Chicago, Ill., as follows:

For belts	$150,000
For conveyors, small chutes and motors	400,000
For spiral chutes	50,000
For furniture and incidentals	155,000
For cafeteria and equipment	15,000
For carpenter shop	7,000
For machine shop	10,000
For battery charging room equipment, 10 tractors, 16 extra batteries, and 40 trailers	25,000
For automatic telephone system	5,000
Total	817,000

The building is planned for the handling of mixed parcels received at the terminal in gurneys on belts from the first floor to the third floor, and a primary separation will be made from the two main feed belts leading from the first floor onto eight other belts, which will take parcels to second, third, fourth, and fifth floors for secondary and final distributions. The numerous conveyors, chutes, and elevators provide rapid and ready means of lowering the mail to track level for loading into storage and mail cars. From 40 to 50 cars may be in process of loading and unloading at one time on tracts under the building and adjacent thereto.

The belts will avoid congestion on platforms, elevators, and work floors. It is much more rapid than any other method of distribution, clerks handling from 16 to 20 pieces per minute, which amounts at the minimum to more than 900 sacks per clerk per day. The conveyor system is essential to the operation of the plant and represents the minimum equipment needed and is so arranged that it actually saves floor space. The primary separation of mixed parcel post mail can be made on belts arranged in tiers in half the floor space required by any other plant. The dispatch of all mail over ceiling belts saves space on each distributing floor. The expense of operation and upkeep is small and the saving in man power will offset the cost for the equipment in a few years. It is estimated that the receiving and primary belts will save 66 distributors at an annual salary of $1,350 and 20 porters at $1,350 per annum and that the dispatching belts will save 68 porters at $1,350 per annum, a saving of $240,900 per annum. The initial cost of the conveyor equipment is also offset by a reduction in the number of elevators, tractors, and trucks required to handle the mails. The efficient operation of the plant depends upon the amount and character of the equipment to be provided. The specifications for the equipment have been carefully worked out and meet the exact requirements under which it will be used. To avoid interruptions through breakage special consideration has been given to the strength and durability of tractors, trucks, racks, and distributing tables. The machinery and carpenter shops should have a complete equipment of tools and machinery in order to make all repairs and alterations of conveyors and equipment promptly. Any unnecessary interruption through lack of tools and machinery to make repairs promptly would be an expensive proposition. The charging station will be used for recharging tractor batteries. The incinerator will be used to dispose of waste. The plans have been made with a view to simplifying every operation and will make possible the operation of the plant efficiently with a minimum of experienced help

The most pressing problem confronting the Chicago post office is the necessity for space for the handling of outgoing parcel post and paper mails. In the Railway Mail Service the problem of proper Terminal R. P. O. space is one that is met at the present time by the leasing of space in several scattered buildings. This necessitates extensive automobile service for hauling, causes delays and liability of damage to the mails. None of the railroad stations has adequate accommodations for large volume of bulk mails originating at or passing through Chicago. At the Northwestern Depot all mails must be elevated from street level to track level, which is very slow and tedious. The very nature of the proposed building and its location adjacent to the Union Station make it ideal for the purpose of handling this class of mail.

The space available for post office purposes in the Chicago office, stations, and terminals has been entirely inadequate to accommodate the postal business. Temporary relief has been obtained from time to time by the rental of small units, but this proved unsatisfactory and expensive. During heavy periods of mailing, parcel post matter has necessarily been worked on the pavements to the detriment of the mail. Because of the dearth of floor space, the necessary distributing cases can not be installed, with the result that large quantities of mail are thrown to the railway post offices that should be distributed in the post office. The space available for the swing room comprises but 2,400 square feet, located in the subbasement, to accommodate 4,000 or more employees. These accommodations are entirely inadequate and have subjected the department to severe criticism.

Chicago is the largest parcel-post center in the United States. The Federal building was completed before the establishment of the parcel-post service, so that no arrangements were made for the handling of this class of mail. The driveway, which is located beneath the building, is too narrow to permit one truck to pass another that is parked at right angles to the loading platform. In order that vehicles may pass through driveway, those loading and unloading must park at an acute angle. The platform itself is not of sufficient width to accommodate the hand trucks necessary to the expeditious handling of the mails, and because of structural conditions additional space can not be secured.

It is proposed to discontinue the rental of all other terminal railway post offices in Chicago, namely, the La Salle, Northwestern, South State, Union, and Jefferson. The consolidation of these several terminals will result in considerable economy in clerical force through the elimination of the overhead charges in the way of supervisory force. There will also be an economy resulting from the reduction of the number of clerks necessary to perform distribution through centralizing and consolidating the several distributing units now scattered in terminal railway post offices. It is estimated that the average load per car will be increased at least 5 per cent. The officials of the Chicago post office estimate that the economy in automobile service will approximate $80,000 or $100,000 annually. Based upon the foregoing, the following are suggested as being proper items of expense which can be offset against the rental of the building.

La Salle Terminal R. P. O	$14,000
Northwestern Terminal R. P. O	20,260
South State Terminal R. P. O	15,310
Union Terminal R. P. O	38,000
Jefferson Terminal R. P. O	9,300
Clerical force, estimated saving	150,000
Automobile service, estimated saving	80,000
Estimated saving car space, resulting from better loading (estimated 5 per cent) based upon 43 cars per day being loaded at this plant	225,000
Total	551,870

It is believed the foregoing is a reasonably conservative estimate of the possible economies. In addition there will be other advantages which can not be given any accurate monetary value, such as the better loading of storage cars, as well as the elimination of distribution space in railway cars, and a better and more satisfactory parcel-post service through more careful handling and advancement in delivery by being made up into thousands of direct sacks in the initial handling.

The department has the right to remove at the expiration of the agreement any and all conveyors, machinery, chutes, furniture, and equipment which may be placed in the building by the Government.

FOR TRANSPORTATION OF FOREIGN MAILS BY STEAMSHIP, AIRCRAFT, ETC.

The CHAIRMAN. The next item is for the transportation of foreign mails by steamship, aircraft, or otherwise, and there is a deficiency of $1,960,000 for 1921. How did that occur?

Mr. SHAUGHNESSY. That occurred through incorrect visualization of what the situation was going to be. We have very little control over the foreign mails, and they must of course be handled. The people who made the estimate for that year did not think there was going to be such a rapid resumption of the foreign-mail business, but it grew very rapidly when it started, and it is growing rapidly to-day. Not only that, I find that the former administration made an arbitrary reduction in this item from the figures presented by the Foreign Mail Division without any good reason for it.

The CHAIRMAN. What rates do we pay to the foreign-mail steamships?

Mr. SHAUGHNESSY. We pay foreign-mail steamships, translated into our money and our weights, approximately 40 cents a pound for first-class mail and 4 cents a pound for fourth-class mail. That is the international agreement in regard to rates.

The CHAIRMAN. That is under an international agreement?

Mr. SHAUGHNESSY. Yes.

The CHAIRMAN. This $1,960,000 is to pay obligations already incurred?

Mr. SHAUGHNESSY. Yes, sir; for the transportation of the mails.

The CHAIRMAN. It is not paid now?

Mr. SHAUGHNESSY. No.

The CHAIRMAN. It is still due?

Mr. SHAUGHNESSY. It is still due.

The CHAIRMAN. You submit a deficiency of $480,000 for 1922?

Mr. SHAUGHNESSY. That is an estimate, and it is the best estimate the foreign mail division has been able to figure out. This year they have been running behind and they estimate they will need that much to settle their obligations for the rest of the year, although they are very much in the air as to just what the situation is going to be.

The CHAIRMAN. Do we pay out more than we get?

Mr. SHAUGHNESSY. The foreign mail service is a revenue-producing branch of the Postal Service.

The CHAIRMAN. Is any part of this 1921 deficiency on account of aircraft service anywhere?

Mr. SHAUGHNESSY. There was service by aircraft between Cuba and Key West.

The CHAIRMAN. But it did not continue very long, did it?

Mr. SHAUGHNESSY. No; I canceled that arrangement.

The CHAIRMAN. That was at the rate of $30,000 a year?

Mr. SHAUGHNESSY. Yes, sir; but the service did not continue very long.

The CHAIRMAN. They just started and quit?

Mr. SHAUGHNESSY. I canceled that arrangement because it was not working out properly. We do pay a small sum, $200 a trip, for handling the foreign mail from Seattle, Wash., to Victoria, British Columbia; that is, on infrequent occasions.

The CHAIRMAN. When was that established?

Mr. SHAUGHNESSY. That has been in effect for several years. We use a seaplane to take the mail that accumulates at Seattle, after the departure of the transpacific steamers, and overtake them at Vancouver, British Columbia. In that way we advance the mail by a week or 10 days.

The CHAIRMAN. How much does that cost?

Mr. SHAUGHNESSY. I do not believe it costs us over $1,500 a month

The CHAIRMAN. How much mail is handled in that way?

Mr. SHAUGHNESSY. To the best of my recollection, it runs abou 10 or 12 sacks of first-class mail.

The CHAIRMAN. A day?

Mr. SHAUGHNESSY. No, a trip; they will probably make a tri twice a week. These trips are made in connection with the departu of the transpacific steamers.

The CHAIRMAN. It is for the purpose of giving the people Seattle an opportunity to have mail transported that would oth wise have to wait for the next ship?

Mr. SHAUGHNESSY. No; not for Seattle alone. It is for the purp of handling the accumulated mail that comes in from all over t country. In that way it is advanced a week or 10 days.

The CHAIRMAN. Do you think it is necessary to have this $480,0 additional for that purpose?

Mr. SHAUGHNESSY. I do. It is possible we will not need all of t amount, and yet it is possible we will.

The CHAIRMAN. How much of it do you need?

Mr. SHAUGHNESSY. I can not tell, because there is no real basi figuring. I have had the foreign mail division before me two or t times, and this estimate is made according to the best informa they have as to the amount of money they will need to carry through. As I say, there is a possibility of not needing the amount, and then there is a possibility of a very sharp increa the foreign mails which will use it up. But this is their best ment. They started off with an estimate of $1,000,000, and been boiled down until we got it to this amount.

The CHAIRMAN. Have you the figures on which you base calculation?

Mr. SHAUGHNESSY. I have not the figures in detail.

The CHAIRMAN. We would like to have them.

Mr. SHAUGHNESSY. I will include them in the record, and they will represent our best judgment on the situation.

The CHAIRMAN. We would like to have as much detail as possible so that we can get some idea of how your minds work.

Mr. SHAUGHNESSY. I will be glad to put that information in the record, as follows:

NOTE.—The current appropriation for the transportation of foreign mails is $5,920,000. The expenditure for the quarter ending September for the transportation of foreign mails was $1,323,073. This is a slight increase over the corresponding quarter ending September last year, when the expenditures were $1,176,000. The indications at this time are a sharp increase in the amount of foreign mails handled and on that account, and particularly in connection with the coming Christmas season when it is expected a very heavy parcel post mail will be exchanged between this country and the foreign countries, we figure a 50 per cent increase in expenditure over the September quarter, making a sum of $1,994,609.

For the quarter ending March it is expected that the heavy Christmas mails will be decreased materially and for that reason only a 20 per cent increase is figured over the September quarter, or the sum of $1,587,687. For the quarter ending June, the natural expected 10 per cent increase in mail business is figured over the September quarter, or the sum of $1,455,380, making a total of $6,360,749 for the current fiscal year, as compared with $5,920,000 appropriated, and an actual expenditure for the previous fiscal year of $6,660,000.

The probable expenditures for the current fiscal year have been stated in round figures as $6,400,000, which would require a deficiency of $480,000. It is very difficult to estimate correctly in connection with the handling of foreign mails because of the unsettled conditions generally in foreign countries, which cause them to change their parcel post arrangements, and furthermore, the rapidly changing condition with reference to the steamship lines, due to the fact that we pay American flag steamers 50 per cent more than we do foreign flag steamers, and we are unable to determine the extent to which American flag steamers will be put in the general passenger steamship trade.

USE OF UNITED STATES SHIPS IN TRANSPORTING MAIL.

Mr. WOOD. Do we make any special effort to have our mails carried in our own ships?

Mr. SHAUGHNESSY. We do that; we preference our own ships, even though it adds materially to the cost of transportation, and that is one thing that has added to the cost. We pay twice as much for handling mail on our own flag steamers as we do if the mail is handled on foreign flag steamers.

Mr. WOOD. Why is that?

Mr. SHAUGHNESSY. That is a provision of law that was passed to assist the American steamers. As I say, we preference our own ships on every occasion that is possible; that is our policy, and we are not trying to save money by utilizing foreign steamers. We give the mail to an American steamer if the service is anywhere near satisfactory.

Mr. KELLEY. When you patronize a Shipping Board vessel the money is paid into the Treasury of the United States, so that really does not make much difference.

Mr. SHAUGHNESSY. Yes; but there has been very little of that; the Shipping Board has very few ships of its own, because all of their passenger ships are allocated to operators.

Mr. KELLEY. But those operators are operating as agents of the Shipping Board and the Shipping Board receives a certain percentage, so that any money you pay them for carrying the mail really comes back into the Treasury.

Mr. SHAUGHNESSY. It really does, but the Shipping Board, as you know, has no very great passenger service. We do use them all we can.

Mr. KRAM. Would you like to have a statement with reference to the appropriations under the office of the Second Assistant Postmaster General?

The CHAIRMAN. Yes, sir.

Mr. KRAM. I have not the items of the appropriations, but will furnish those to the committee.

Mr. SHAUGHNESSY. I have them here.

The CHAIRMAN. Mr. Kram, instead of putting this in by piecemeal, why do you not put in a statement covering all of these so-called savings that you were talking about.

Mr. KRAM. All right. I was going to ask that permission and I will furnish that to the committee.

Mr. SHAUGHNESSY. The statement is this: That of the seven appropriations not itemized for this year we now have——

The CHAIRMAN (interposing). This is for your branch, but we want a statement as to the whole service.

Mr. SHAUGHNESSY. Well, I will make a statement as to my branch. There is at least $10,000,000 unexpended, and there is a possibility of that going to $12,000,000.

The CHAIRMAN. Do you mean at the end of the year?

Mr. SHAUGHNESSY. Yes, sir. We take no particular credit for saving that, except that the Railway Mail Service has been very alert in contracting the service to correspond to the decrease in the postal business.

DEFICIENCY IN OPERATION OF POST OFFICE DEPARTMENT.

Mr. WOOD. How nearly self-sustaining is the Postal Service?

Mr. KRAM. It is very far from being self-sustaining.

Mr. WOOD. About how far?

Mr. KRAM. This year over $80,000,000.

Mr. WOOD. We have heard a lot of talk during years past with reference to the Post Office Department being self-sustaining, but it never has been self-sustaining, has it?

The CHAIRMAN. We had a deficiency last year of $10,000,000 covering one or two years.

Mr. KRAM. The Post Office Department proper has been self-sustaining during several years, but there is an actual deficiency this year, just completed, of $157,000,000, $76,000,000 of which is chargeable to four prior fiscal years because of payments made to railroads under this decision by the Interstate Commerce Commission.

The CHAIRMAN. But we provided for a lot of that.

Mr. KRAM. That has all been provided for, but that altered, of course, the fiscal statement made by the department with reference to its surplus and deficit.

Mr. WOOD. How much of that is attributable to increased pay?

Mr. KRAM. The whole $76,000,000.

The CHAIRMAN. And that covered a number of years?

Mr. KRAM. Four years. The estimated deficit for the fiscal year 1923 is about $75,000,000.

Mr. BYRNS. How much did the increases fixed by Congress in the way of compensation for clerks, etc., amount to?

The CHAIRMAN. That is $115,000,000 a year.

Mr. KRAM. That was for salaries paid employees.

THURSDAY, NOVEMBER 10, 1921.

OFFICE OF THIRD ASSISTANT POSTMASTER GENERAL.

STATEMENT OF MR. W. I. GLOVER, THIRD ASSISTANT POSTMASTER GENERAL.

FOR PAYMENT OF LIMITED INDEMNITY FOR INJURY OR LOSS OF DOMESTIC REGISTERED MAIL.

The CHAIRMAN. "For payment of limited indemnity for the injury or loss of pieces of domestic registered matter, insured, and collect-on-delivery mail" you are asking a deficiency appropriation of $1,200,000 for 1921. In that year you had an appropriation of $3,000,000. Tell us how it happens that you need $1,200,000 as a deficiency?

Mr. GLOVER. It is one of those conditions we can not figure on, and I do not know that anybody can figure exactly just the number of pieces of insured and C. O. D. parcels that will be lost and we will have to pay the insurance on. The total pieces of insured matter for the fiscal year 1921 was 116,326,664, and the total pieces of C. O. D. matter was 26,325,267, or a grand total of 142,651,931.

The CHAIRMAN. What is the revenue from that source?

Mr. GLOVER. I have not the total revenue.

The CHAIRMAN. You ought to be able to give us the amount of revenue received if you are going to be able to prove to us the necessity for this appropriation. How are we going to calculate on an appropriation of this kind if we have not any information as to your revenue?

Mr. KRAM. Mr. Chairman, we can supply the amount of revenue which is considerably in excess of the appropriations already made and this additional sum asked for. We have those figures.

The CHAIRMAN. Why did you not bring them with you? Did you expect to get this appropriation by just asking for it, without having any information?

Mr. GLOVER. No, sir; we did not but will furnish a statement for the record.

The CHAIRMAN. Tell us why you need $1,200,000.

Mr. GLOVER. The claims for 1921 paid in by the postmasters in the field were 90,818, and the 1921 claims paid by the department were 128,120, and paid by the department since June 30 up to October 15, 37,088, making a total of known 1921 claims of 256,026.

The CHAIRMAN. Tell us how much they amount to.

Mr. GLOVER. Those are the only figures I have, Mr. Madden.

The CHAIRMAN. We are not so much interested in the number of claims as we are in the amount. It is dollars you are speaking for, and that is the thing we are dealing with.

Mr. GLOVER. I was going to show you the amount the C. O. D. claims and the insured claims would take in dollars.

The CHAIRMAN. No; you told us how many were paid, but you have not told us how much they amount to in dollars.

Mr. GLOVER. I have those figures, but not the amount taken in; but, as Mr. Kram says, we can submit those figures to you. I am now giving you the amount of claims. That would make a total of 256,026 claims, and the claims anticipated were 379,393, and taking from that the claims already paid of 256,026, would leave the amount outstanding of 123,367.

The CHAIRMAN. How much would that total be?

Mr. GLOVER. That would be 22,111, at $12.01 per package, for the C. O. D. claims, amounting to $265,553.11. The amount of insured claims would be 101,256, at $8.90, which is the average we strike for the insured claims, amounting to $901,178.40, or a total of $1,166,-731.51, and for the registered mail an amount of $33,268.49, which added to the other total would make a total of $1,200,000.

The CHAIRMAN. Is that in addition to the $3,000,000 already appropriated?

Mr. GLOVER. That is in addition to the $3,000,000; yes, sir.

The CHAIRMAN. You do not know that you are going to have these claims, do you, or have you received them already?

Mr. GLOVER. They are coming in all the time. Of course, we have a great many in the office now awaiting payment out of these 123,000 claims.

The CHAIRMAN. What is the amount of insurance taken on packages?

Mr. GLOVER. The limit is $100 and on registered packages $50.

The CHAIRMAN. What is the average amount paid?

Mr. GLOVER. On the insured $8.90 and on the C. O. D. $12.01.

REVENUES FROM REGISTERED MAIL.

The CHAIRMAN. We would like to know the revenue that comes from this source.

Mr. GLOVER. We can get that information very quickly.

Mr. KRAM. If I may be permitted to make a statement, Mr. Chairman, fees have been collected from the public for the service that the department has rendered considerably in excess of the amount that has already been paid out in claims. Fees undoubtedly are or will be in the possession of the department before the end of the fiscal year for at least one-third to one-half more than the total amount that will be appropriated. The service is a revenue-producing service, the fees being considerably in excess of the losses sustained, and the appropriation asked for here is to make good to the public the insurance that has been provided by law and for which fees have been collected.

NOTE.—The fees collected during the fiscal year 1921 are as follows:

Registered mail	$7,820,501.40
Insured parcels	6,268,000.02
C. O. D. parcels	2,699,848.65
Total	16,788,350.07

Mr. ANTHONY. Is not this percentage of loss unduly high?

Mr. GLOVER. No; I do not think it is. It is running just about the average.

PERCENTAGE OF LOSS OF PARCELS HANDLED.

Mr. ANTHONY. What is the percentage of loss of parcels handled in this way?

Mr. GLOVER. In actual number of parcels of C. O. D. or insured matter?

Mr. ANTHONY. Of both classes that you are now talking about.

Mr. GLOVER. It would be less than 1 per cent.

Mr. ANTHONY. I thought you said that there were one hundred and some odd thousand parcels lost?

Mr. GLOVER. The total insured pieces was 116,000,000, and the total pieces of C. O. D. was 26,000,000, or a total of both classes of 142,651,931.

Mr. ANTHONY. And how many were lost?

Mr. GLOVER. In 1921, a total of 256,026.

Mr. ANTHONY. Two hundred and fifty-six thousand separate shipments were lost?

Mr. GLOVER. Yes.

Mr. ANTHONY. That seems to me unduly high. I do not think an express company has any such percentage of loss in packages handled, do you?

Mr. GLOVER. I think they do. I think they have more than that.

Mr. ANTHONY. Where do you find that these 256,000 lost packages go?

Mr. GLOVER. Well, they are stolen.

Mr. ANTHONY. By employees of the service?

Mr. GLOVER. Yes; and others. I would not say it was all the fault of the employees of the service. Of course, we do lose a great many packages through our employees due to the class of men we have to employ in the department. Of course, that has been done away with to a great extent and we have not been employing that class of uncertain quality in the past year, and we are slowly weeding them out of the service, but there is depredation work that is going on all the time.

The CHAIRMAN. What is the average time required to make an adjustment of one of these claims?

Mr. GLOVER. That varies, but the average time is about three months.

The CHAIRMAN. Do the people get their money within the three months' period?

Mr. GLOVER. Yes, sir; unless it is a very serious case and has to go through many post offices and then oftentimes we have trouble in getting the postmaster to respond to our inquiries.

The CHAIRMAN. Are postmasters all over the country authorized to make settlement of these claims?

Mr. GLOVER. Yes, sir; for insured parcel post only. Not for C. O. D. matter.

Mr. SISSON. Two hundred and fifty-six thousand packages lost out of a total of 142,000,000 would make about 1 loss in about 600 packages, or just a little more than that?

Mr. GLOVER. Yes.

Mr. KELLEY. What part of this anticipated loss has already been adjudicated? In other words, what part of the $1,200,000 you think you will need has already found its way into your office?

Mr. GLOVER. I should say almost half, because as soon as the fiscal year closes they begin to come into the department from the field in very great number, because a postmaster likes to get rid of all that stuff for the past fiscal year which he is then out of.

Mr. KELLEY. So you can estimate from your experience just about the loss by months for the balance of the year?

Mr. GLOVER. Yes.

Mr. KELLEY. Then about half of it is an established loss and the other half estimated?

Mr. GLOVER. Yes. We can really never estimate the amount of lost packages, both insured and C. O. D., for the simple reason that we are liable to have a great snowstorm or blizzard; we are liable to have a railroad strike or a breakdown of the express system, and on account of certain conditions in certain parts of the country, and people will flock to the mail for the delivery of their packages. There are so many conditions that we can not account for that we will always have to ask for a deficiency in our indemnity claims.

Mr. SLEMP. How do you account for the very large increase in this indemnity loss, from, say, 1912 or 1913 to 1921 or 1922. What is your theory about that?

Mr. GLOVER. We had an express and freight embargo during and following the March and April, 1920 strike that brought that up and they just dumped on to us all these packages, which increased our insured parcel-post business for those months more than 40 per cent over our estimates.

Mr. SLEMP. But it has been growing rather rapidly. In 1912 you only had $18,000 and in 1920 you had $2,100,000.

Mr. GLOVER. Our business has very materially increased since that time.

The CHAIRMAN. The Parcel Post System was only established in 1913.

Mr. SLEMP. That is the reason I asked the question. I thought perhaps that accounted for it.

Mr. GLOVER. Yes; and our service is really improving.

The CHAIRMAN. You mean it is increasing.

Mr. SISSON. The packages shipped out of Mr. Madden's town take up about half of this, just from one concern, Sears Roebuck.

The CHAIRMAN. There are two large concerns there.

Mr. GLOVER. Yes; you take Sears, Roebuck and Montgomery Ward and one or two other large concerns like that—of course, Sears, Roebuck have now several dispensing houses throughout the country.

The CHAIRMAN. This deficiency is for 1921. Why is it you have not had the adjustments made before now if you make them on an average of three months?

Mr. GLOVER. Because they have six months to file their claims after the close of the fiscal year. After June 30 they have up to December 31 to make their claims.

The CHAIRMAN. You are not certain about the amount that you will need?

Mr. GLOVER. I might say that we can not get along with any less than $1,200,000. We have figured it out very carefully.

The CHAIRMAN. You can not get along with any less?

Mr. GLOVER. No, sir; we would only have to come back to you gentlemen again if the appropriation was any less.

THURSDAY, NOVEMBER, 10, 1921.

PRINTING AND BINDING.

STATEMENT OF MR. T. J. HOWELL, ASSISTANT CHIEF CLERK, POST OFFICE DEPARTMENT.

The CHAIRMAN. For printing and binding for the Post Office Department, exclusive of the money-order office, you are asking a deficiency appropriation of $150,000. Your current appropriation for this purpose is $600,000. It was definitely stated when this appropriation of $600,000 was made that that amount would be all that would be needed, but you are now back here asking for $150,000 additional. I suppose the committee would like to know why it is, in the face of the statement before the committee when the appropriation of $600,000 was made that it was all the money that you would need, you are now asking this additional amount.

GENERAL STATEMENT.

Mr. HOWELL. I would like to make a general statement, Mr. Chairman, and then answer any questions you may desire to ask. Our appropriation for 1921 was $800,000, and we expended of that the sum of $734,307.77, leaving an unexpended balance of $65,692.23. However, there was unbilled work on hand in the Government Printing Office amounting to $100,283.13. In other words, if the Government Printing Office had completed all of the work that it had on hand and under requisition, we would have had a deficiency of $34,590.90 instead of an unexpended balance of $65,692.23. The present status of our appropriation is this: The total allotment for printing and binding is $600,000, and the Public Printer has rendered bills amounting to $131,899.30. He estimates the unbilled work at $166,406.43, making a total of $298,305.73, which leaves a balance in our allotment of $310,694.27. This deficiency is necessary at this particular time due principally to the provision in the sundry civil act for 1922 which limits the expenditures for public printing and binding during the first and second quarters of the present fiscal year to not over one-half of the total allotment. The department's allotment for printing and binding for the present fiscal year amounts to $600,000. When requisitions for printing and binding are sent to the Government Printing Office an estimate as to their cost is immediately prepared and a charge made against the department's allotment.

Therefore, under the provisions of law above referred to, the department can only send requisitions covering work amounting to $300,000 during the first six months of the present fiscal year, regardless of the time when such work is completed and delivered. For instance, take the situation last year. At the end of the first six months of

the last fiscal year the Government Printing Office had rendered bills covering work completed and delivered amounting to $299,017.86. and they estimated that the unbilled work on hand at that time amounted to $195,467.56, or a total of billed and unbilled work amounting to $494,485.42, which was more than half of our allotment. We have found from experience that it is expedient to anticipate our requirements for blanks and forms from three to six months, and for that reason it is necessary for us to send requisitions for printing and binding to the Government Printing Office amounting to more than one-half of the department's allotment, although the department does not expect to secure the actual delivery of the work amounting to more than one-half of the allotment. If this provision of law had been construed to mean that only work amounting to one-half of the department's allotment should be completed and delivered during the first six months of the present fiscal year, we would not have come for this deficiency at this time, although we will require a deficiency, in any event, for the present fiscal year. Our expenditures last year were $734,307.77.

The CHAIRMAN. How much of that represents cost incurred in printing reports of the bureau chiefs and the Assistant Postmasters General, and all that sort of stuff that you ought not to have?

Mr. HOWELL. To show you what rapid strides we have made, and the business-like way we are handling our printing, I will say that some time ago we discontinued the printing of the separate annual reports of the First, Second, Third, and Fourth Assistant Postmasters General, the chief inspector, purchasing agent, and solicitor, and we now issue only one report, known as the report of the Postmaster General, which is printed at an expense of less than $2,300 a year. We print only 5,000 copies of that report. As a further illustration of the way we are handling the printing situation, I will say that we found that as long as each branch of the service or bureau had the power to devise its own forms, duplication and lack of uniformity were bound to exist. Therefore, we appointed a committee on forms and blanks, composed of representatives of the various bureaus and offices of the department, which committee reviews and revises the various forms and blanks necessary in the conduct of the departmental and Postal Service, in order that all duplications, wastage of paper, and other unnecessary expenses may be obviated.

During the last fiscal year this committee, with the approval of the chief clerk's office, made 1,352 changes in forms and blanks which resulted in a net saving of $140,251.75. This amount covers only the initial requisitions on which changes occurred and the saving thus effected will endure as long as the forms remain unchanged. The amount of the saving to be made on future orders will depend upon the fluctuations of the paper market. Some of the changes made were as follows: 401 forms reduced in size; 28 requisitions reduced in quantity; 640 forms reduced in quality without impairing serviceability; 21 stock forms discontinued; 9 forms consolidated into one; 5 forms consolidated into one; 3 forms consolidated into 1; and 40 special forms eliminated.

The CHAIRMAN. What I can not understand is this: The department came up and asked for $600,000, and stated that it was all that would be needed, and now you come and ask for $150,000.

Mr. HOWELL. As I have said, we expended during 1921 $734,000.

The CHAIRMAN. But you knew that when you came up for the last appropriation.

Mr. HOWELL. No, Mr. Chairman, we did not. The estimate was submitted on October 15, 1920, in accordance with law, and the hearings on it were held on December 11, 1920, over six months before the close of he fiscal year in question—1921. Furthermore, on account of the new law which was enacted and which compelled the department to send to the Government Printing Office work that was formerly performed in the field printing offices, it was necessary to increase our allotment to take care of this work. Under this law we can now only do emergency work in the field printing offices. As soon as that law was passed we secured an estimate as to the amount of that printing from the Government Printing Office, and it reached a total of something like $283,000.

The CHAIRMAN. $283,000 for the work that was formerly done in the field printing offices?

Mr. HOWELL. Yes, sir. Now, we have thrown that printing into the Government Printing Office, and the reason we did not submit any greater estimate for 1921 was due to the fact that at the time the estimate was submitted we did not know just what the reduction in the cost of printing and paper would amount to, and we were unable to get a very accurate line on the amount of the printing that was formerly performed in the field printing offices.

The CHAIRMAN. In 1920 you had only $300,000 in your regular appropriation, but I see that you did get a deficiency appropriation of $300,000. The cost of paper and the cost of printing and supplies were just as high then as now. How do you account for this higher expenditure with lower costs?

Mr. HOWELL. It is accounted for in this way: Our original allotment for printing, before there was a real increase in the cost of paper and printing, was $300,000, and then we had to have $300,000 more, on account of the new law, making $600,000. The cost of paper and printing naturally increased, and we figure the decrease in the cost during the present year will be offset by the increase in consumption.

The CHAIRMAN. Let us see what the reduction in the cost of paper has been.

Mr. HOWELL. I do not have the figures on that, but I will be glad to insert them in the record.

The CHAIRMAN. You have had some figures on that, and you can tell us approximately what the reduction has been. Has there been any reduction?

Mr. HOWELL. Yes, sir; there have been reductions. The decrease in the cost of paper during the present fiscal year as compared with the last fiscal year will average between 20 and 25 per cent. However, the total net reduction in the cost of a job of printing will not average 20 or 25 per cent. We selected at random 11 jobs covering like forms and like quantities and aggregating a total of 13,791,000 copies, and a comparison of their total cost during the last fiscal year with the present fiscal year discloses an average decrease amounting to 9½ per cent.

The CHAIRMAN. Do you take bids from the Public Printer?

Mr. HOWELL. No, sir.

The CHAIRMAN. Why is that?

the last fiscal year the Government Printing Office had rendered bills covering work completed and delivered amounting to $299,017.86, and they estimated that the unbilled work on hand at that time amounted to $195,467.56, or a total of billed and unbilled work amounting to $494,485.42, which was more than half of our allotment. We have found from experience that it is expedient to anticipate our requirements for blanks and forms from three to six months, and for that reason it is necessary for us to send requisitions for printing and binding to the Government Printing Office amounting to more than one-half of the department's allotment, although the department does not expect to secure the actual delivery of the work amounting to more than one-half of the allotment. If this provision of law had been construed to mean that only work amounting to one-half of the department's allotment should be completed and delivered during the first six months of the present fiscal year, we would not have come for this deficiency at this time, although we will require a deficiency, in any event, for the present fiscal year. Our expenditures last year were $734,307.77.

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Mr. HOWELL. No, sir.

The CHAIRMAN. Why is that?

Mr. HOWELL. Because under this new law we are required to send all of our work to the Government Printing Office, except emergency work that we have authority to do in our field printing offices.

The CHAIRMAN. You have to pay whatever they charge?

Mr. HOWELL. Yes, sir; we must pay whatever they charge.

The CHAIRMAN. Does he not have to bid on other work that he does for other departments?

Mr. HOWELL. Not under this new law.

The CHAIRMAN. You have no discretion in the matter at all?

Mr. HOWELL. No, sir.

The CHAIRMAN. If this cost seems high, is it due to the law, or is it due to your extravagance in the ordering of printing?

Mr. HOWELL. I think that the statement I just made about the business-like way in which we handle our printing will show that we are not extravagant.

The CHAIRMAN. You can order a larger amount of stuff than you need.

Mr. HOWELL. Most of our printing is for stock forms and blanks used throughout the Postal Service in the various post offices. For instance, during the fiscal year 1920 in stock forms alone we used 423,500,000.

The CHAIRMAN. How much stock of the various blanks and forms have you now on hand?

Mr. HOWELL. Of the various blanks and forms I would say that we have on an average a stock for from five to six months. Of course, on some small requisitions it is economy for us to order a year's supply at a time instead of going back three or four times a year.

The CHAIRMAN. You have a stock on hand for six months, more or less, under this appropriation.

Mr. HOWELL. Yes, sir; of what is known as stock forms. However, we do not have any stock of specially printed forms. They are printed as required. There is one point I want to bring out, and that is that at the present time we have sent requisitions to the Government Printing Office amounting to $300,000 or one-half of our allotment and the only way we can secure any printing covering new work or specially printed forms from now until December 31 is to suspend work on requisitions already placed, on which in most instances the work has been started, and utilize the money that has already been debited to our allotment to take care of new work and specially printed forms. This is an unbusinesslike and uneconomical procedure and one which delays and retards the work because it is apparent that if we suspend the work on a requisition now in order to get some other work through it has the effect of holding up the requisition we suspend until January 1, thus delaying the work called for by that particular requisition six weeks.

Mr. BYRNS. As I understand it, you can not make a requisition upon the Government Printing Office for an amount of printing exceeding half of the appropriation during the first six months, or that is the way the law has been construed?

Mr. HOWELL. That is the way the law has been construed.

Mr. BYRNS. And the Postmaster General has no authority to waive that?

Mr. HOWELL. The Postmaster General has no discretion in the matter whatever. That is the way the Public Printer has construed the law, and, of course, we must follow the construction that the Public Printer puts upon it.

The CHAIRMAN. That provision of law prohibits you from spending more than half of your appropriation in the first six months of the year?

Mr. HOWELL. Yes, sir; that is the way the Public Printer construes the law, and, of course, it is not his fault. The point is this, that we will not get actual delivery of probably more than half of the amount of our total allotment, but the Public Printer charges our allotment with the estimated cost of a job just as soon as the requisition comes in. He does that, as I understand it, before he actually starts work on the job.

The CHAIRMAN. He charges you with it before he does the work?

Mr. HOWELL. He sends us an estimate of the probable cost of the job, and he then makes the charge against our allotment.

Mr. BYRNS. Of course, you must make your requisitions in advance. For instance, you make requisitions in November and December for forms or whatever printing you may need for use in January or February following, and, as I understand it, that is charged against your first six months' allotment?

Mr. HOWELL. Yes, sir. Any requisition that we send in from July to December will be charged against our first six months' allotment, without regard to the time when the work is started or delivered.

The CHAIRMAN. It is not paid for until it is delivered?

Mr. HOWELL. The Public Printer will not take any more work from us, or, rather, he will take it, but he will not start to work on it. Our service is so large that we must anticipate our requirements, and when the full allotment is taken up, if we have a requisition involving an important job of, say, 5,000 copies of a form, we have to ask him to suspend certain other requisitions involving, perhaps, a large number of forms, so that we can take the money set aside for that job in order to get this other work done.

The CHAIRMAN. He has rendered bills amounting to only $131,000 out of your $600,000 appropriation?

Mr. HOWELL. That is all. That represents work already completed and delivered.

The CHAIRMAN. You do not pay for it until it is completed and delivered?

Mr. HOWELL. We have no objection to that at all, but the Public Printer charges us as soon as he receives the requisition and before putting it on the press. He has a force of estimators who estimate the total cost of the job, and, as I understand, it is immediately sent to the accounting section and charged against our allotment.

The CHAIRMAN. They can not do that.

Mr. HOWELL. That is the way he construes the law, and he claims that it is due to the law under which he is operating the Government Printing Office.

The CHAIRMAN. I do not see any reason for this request for a deficiency under these conditions.

Mr. HOWELL. To tell the honest truth, even without the conditions that we are laboring under, we can not tell the actual amount we will require for the present fiscal year, but we do need relief at

this time because we do not have a nickel for printing from now until December 31, unless we suspend requisitions already placed, which we can not do without delaying the work called for by them. It is an embarrassing situation to the department.

The CHAIRMAN. You say you have $300,000 not touched?

Mr. HOWELL. But under this new law, we can not use that.

The CHAIRMAN. I think the new law is to safeguard the Treasury of the United States, and it certainly should not be an embarrassment to anybody. That law has been there for 10 years.

Mr. HOWELL. Yes, sir.

Mr. BYRNS. You can not make requisitions on the showing that you have the money in your appropriation?

Mr. HOWELL. We can make the requisitions, but he will not do the work. It is an embarrassing situation.

The CHAIRMAN. You do not owe them anything until they deliver the work.

Mr. HOWELL. But the fundamental law under which the Government Printing Office operates permits him to make those charges in order that he may get the use of that money for defraying the expense of operating the Government Printing Office.

The CHAIRMAN. You stated that this law contained in the sundry civil act was the law that embarrassed you.

Mr. HOWELL. Yes, sir. That is right.

The CHAIRMAN. It now turns out that it is not this law at all, but the action of the Public Printer.

Mr. HOWELL. No, sir; that is the law that embarrasses us, or the Public Printer's construction of that law. What I wished to bring out in my other statement was that the Public Printer put the construction he does on it, due to the laws under which he is operating the Printing Office.

The CHAIRMAN. What was the construction of the Public Printer of this law last year?

Mr. HOWELL. The law was not enforced. We had $450,000 worth of work over there and nothing was said about it. That law had not been rigidly enforced since I was connected with the Postal Service.

The CHAIRMAN. This law should not embarrass you. That provision reads as follows:

> Not more than an allotment of one-half of the sum hereby appropriated for the public printing and for the public binding shall be expended in the first two quarters of the fiscal year, and no more than one-fourth thereof may be expended in either of the last two quarters of the fiscal year, except that, in addition thereto, in either of said last quarters the unexpended balances of allotments for preceding quarters may be expended, and no department or Government establishment shall consume in any such period a greater percentage of its allotment than shall lawfully be expended during the same period of the whole appropriation.

That does not say that the charge shall be made for any work not actually done.

Mr. HOWELL. The reason the Public Printer makes that charge is due to the laws under which he operates over there at the Government Printing Office, and he is rigidly enforcing that law this year.

The CHAIRMAN. This is not the law that he operates under.

Mr. HOWELL. No, sir; the law you just read.

The CHAIRMAN. It does not require him to make a charge until he delivers the goods. There are restrictions.

Mr. BYRNS. [illegible]

Mr. HOWELL. [illegible]

Mr. KELLER. [illegible]

Mr. HOWELL. [illegible]

Mr. KELLER. [illegible]

Mr. HOWELL. [illegible]

Mr. KELLER. [illegible]

Mr. HOWELL. [illegible]

Mr. [illegible]

Mr. HOWELL. [illegible]

The CHAIRMAN. [illegible]

Mr. HOWELL. [illegible]

Mr. [illegible]

Mr. [illegible]

Mr. [illegible]

Mr. [illegible]

The [illegible]

Mr. HOWELL. No, sir; that was in the sundry civil bill.

The CHAIRMAN. Is there anything else you care to say?

Mr. HOWELL. We are in a very precarious situation now, and we have not a dollar that we can use for printing.

The CHAIRMAN. Sometimes that might be a good thing.

Mr. HOWELL. Not for our service that is serving 100,000,000 people and operating 24 hours a day.

The CHAIRMAN. We are trying to serve the people, but you who are spending the money do not take the people into consideration at all.

Mr. HOWELL. Mr. Chairman, the fact that we have appointed this committee on forms and blanks and effected a saving of $140,000 last year proves I think that we are doing everything we can to curtail expenditures in the matter of printing and binding.

The CHAIRMAN. We can only judge of your economies by the number of deficiencies you ask.

THURSDAY, NOVEMBER 10, 1921.

DEPARTMENT OF STATE.

STATEMENT OF MR. WILBUR J. CARR, DIRECTOR, CONSULAR SERVICE, DEPARTMENT OF STATE.

SALARIES OF INTERPRETERS TO EMBASSIES AND LEGATIONS, 1916.

The CHAIRMAN. Mr. Carr, you have an item on page 74 of the bill which indicates that you have a deficiency for 1916 amounting to $1,000. The item reads, "For 10 student interpreters at the Embassy of Turkey," etc. Do you mean 10 students at $1,000 each?

Mr. CARR. No, sir; it is a $1,000 item, belonging to the regular appropriation for 1916 for interpreters to embassies and legations.

The CHAIRMAN. Tell us about that item.

Mr. CARR. The circumstances are that on December 15, 1915, our ambassador at Constantinople drew upon the Secretary of State for $1,000 on account of salaries to be paid to the student interpreter attached to his embassy. The original draft was purchased by a private individual over there. In those days there were no banking facilities, so that they sold drafts to whomever would buy them. The person who purchased this draft went into the interior of Turkey and eventually lost the draft. Meanwhile the unexpended balance of the appropriation reverted to the Treasury in accordance with the law.

The CHAIRMAN. This $1,000 was deposited with the Government service and the person who made the deposit asked for a draft and it was issued?

Mr. CARR. No. The operation is this: All of our officers abroad, in order to pay the salaries of their subordinates, draw upon the Secretary of State for the money. They sell the draft to a bank and out of the proceeds pay the consular salaries. In this case, however, instead of selling the draft to a bank—banking facilities then being very limited—the embassy sold it to an individual; the individual lost it. Since then a duplicate of that draft has reached the department but the appropriation had meanwhile reverted to the Treasury.

$15,000, I think, was turned back into the Treasury. This is a request to reappropriate $1,000 of that unexpended balance in order to pay this duplicate draft.

The CHAIRMAN. If the draft had been presented to you in time, you had the money with which to meet it and you would have met it?

Mr. CARR. Quite so; but the appropriation lapsed in the meantime, so that we must now ask for money with which to pay the draft.

TRANSPORTATION OF DIPLOMATIC AND CONSULAR OFFICERS, 1921.

The CHAIRMAN. The next item is to pay the actual and necessary expenses of transportation, under such regulations as the Secretary of State may prescribe, of diplomatic and consular officers and clerks in embassies, etc., and under that item there appears to be a deficiency of $450 for 1919. Tell us about that.

Mr. CARR. That is another case in which a draft of $450 for transportation for the fiscal year 1919 was not received in the Department of State until after the appropriation had lapsed under the law.

The CHAIRMAN. Why was not this estimate sent here sooner?

Mr. CARR. Because we only got the draft a short time ago. Some of these drafts, Mr. Chairman, as you will find from another item later on, did not reach the Department of State earlier because of the circumstances under which they were sold. Drafts were sold in Turkey, Russia, and elsewhere to individuals who, owing to the disturbed banking conditions which existed during and immediately after the war as well as the danger of loss of money, failed to present the drafts until too late to be paid out of the appropriation before it lapsed.

The CHAIRMAN. This draft would have been met if it had been presented in time because, I presume, there was an unexpended balance in the appropriation?

Mr. CARR. In this instance there was an unexpended balance turned back of over $1,700.

TRANSPORTATION OF DIPLOMATIC AND CONSULAR OFFICERS, 1921.

The CHAIRMAN. The next item is to pay the itemized and verified statements of the actual and necessary expenses of transportation and subsistence, and under that item you are asking, for the year 1921, a deficiency appropriation of $36,000?

Mr. CARR. That is a deficiency. The act of March 4, 1919—and I am going back that far in order to give you the history of this item—appropriated $145,000 for the transportation of diplomatic and consular officers.

The CHAIRMAN. That was for 1921?

Mr. CARR. No; that was for 1919–20.

The CHAIRMAN. In 1919 the appropriation was $270,900.

Mr. CARR. They first appropriated, Mr. Chairman, $145,000; then later a deficiency of $100,000 was granted. I was just giving you the history of this thing in order to show you why this deficiency occurred. Congress appropriated $145,000 in the regular appropriation and extended the scope of the appropriation to cover not only the travel of the officers, but also the travel of their families and the transportation of their effects. It was recognized at t
time that that appropriation would not be sufficient
additional expense.

The CHAIRMAN. That was during the war period?

Mr. CARR. Yes, sir; that was during the war period, or immediately after. So it was quite well understood in the committee at the time I appeared before it that if they changed the language so as to provide for more transportations without increasing the appropriation we would have a deficiency, and that we would have to come back and ask the Congress to appropriate an additional amount. We did come back and Congress appropriated $100,000 and then later $1,500 for certified claims. In the meanwhile we promulgated our regulations governing transportation, in accordance with the provisions of the law. Congress, however, continued the original $145,000 appropriation, but again appropriated supplementally, on March 1, 1921, $100,000, making a total for the year 1921 of $245,000. Now, we find that the expenses incurred for 1921 under those regulations—which regulations have heretofore been submitted to this committee and passed upon and approved by the Comptroller of the Treasury—are about $281,000, making a deficiency of $36,000. Until Congress could make an additional appropriation we have had to advance out of the emergency fund about $18,000 for the payment of certain drafts that we could not afford to let go back abroad unpaid. Now, our request is for enough to pay all of those claims in excess of the regular appropriation and to reimburse the emergency fund in the amount of about $18,000, which we had to borrow from that fund for that purpose. And it might be remarked in passing that our appropriation for the current year is $300,000 instead of the $245,000 we had for last year.

The CHAIRMAN. So that $36,000 is really $18,000 more than you would need if it were not for this emergency fund?

Mr. CARR. That is to say, if we were canceling the amount which we have already paid out of the emergency fund——

The CHAIRMAN (interposing). Why should the emergency fund be reimbursed, Mr. Carr?

Mr. CARR. Because the Secretary feels, for a number of reasons, that he ought to keep as much of that emergency fund intact at the present time as possible. There are a number of things for which money from that fund may be required, and while ordinarily there would be no objection if it were not reimbursed, there are now strong reasons for avoiding any depletion of it for expenses of a routine character.

The CHAIRMAN. You had $200,000 in the emergency fund?

Mr. CARR. Yes, sir.

The CHAIRMAN. And you had an unexpended balance in the appropriation made available for 1921. How much was the unexpended balance?

Mr. CARR. It was about $370,000.

The CHAIRMAN. So that makes $570,000. How much is the unexpended balance?

Mr. CARR. We have at the present time over $300,000.

The CHAIRMAN. Then why do you need the $18,000?

Mr. CARR. I asked that very question before I came down, because it had occurred to me that this would be a natural inquiry for you to make, and I was directed to ask you to provide for the reimbursement of the emergency fund if possible. Eighteen thousand dollars seems a small amount in comparison with the unexpended balance

of the emergency fund, but in the opinion of the department it would not be wise at this time to reduce the amount available by even so small a sum.

The CHAIRMAN. Well, if you have $300,000 it seems to me you have considerable leeway. Under the item for the International Institute of Agriculture there seems to be a deficiency of $11,577 for 1921.

INTERNATIONAL INSTITUTE OF AGRICULTURE.

Mr. CARR. That, Mr. Chairman, is in the nature of an additional appropriation of this character: Under the treaty of June 7, 1905, we became a member of the International Institute of Agriculture which is maintained at Rome and supported by the contributions of 40 Governments, including all of the large Governments. Our contribution in the past has been about——

The CHAIRMAN. It was small, was it not?

Mr. CARR. Yes; it was small.

The CHAIRMAN. $18,000 for 1922, was it not?

Mr. CARR. No; that appropriation includes other things. I think it was $8,000, but it was payable in francs and not in dollars. It is well known that the franc has lost a large part of its purchasing power and the institute has become practically bankrupt; that is to say, it can not function upon its present income, and therefore the general committee of the institute have appealed to all of the governments to pay an extraordinary quota which in our case amounts to $11,577 for 1921 and a like amount for 1922, until the institute can get out of its present situation. The resolution passed by the general meeting is as follows:

"The general meeting realizing the impossibility for the institute to carry on its present services with receipts that are more nominal than actual, resolves to propose to the governments kindly to pay for the fiscal years 1921 and 1922 over and above the ordinary quota as set by article 10 of the convention of 1905, payable in francs, an additional quota of one and one-half the amount of the ordinary quota, and payable by each country in its own currency on the basis of the fixed rate of exchange at par. The pledge of the governments to pay this quota will be officially notified by the States to the ministry of foreign affairs of Italy and to the president of the institute."

The United States, being entered in the first group of the adhering States (40,000 franc quota), would have to pay for the years 1921, 1922, and 1923, the following amounts:

1. The usual quota of 40,000 francs which would be paid at the current rate of exchange (equivalent at present to approximately $3,000, or at the normal rate to $7,720).

2. The extraordinary quota amounting to one quota and a half, that is to say, 60,000 francs which would be paid in dollars, the amount to be reckoned on the basis of $1 at par being worth 5.1825 francs. Thus the extraordinary quota of the United States for each year would be $11,577.

We were in doubt as to whether the United States ought to contribute an additional sum and we consulted the other governments and found that nearly all of those governments were going to provide the extra quota and continue their membership. Therefore it seemed to the department that the United States was practically morally bound to continue and pay its additional share also; that is, we could hardly drop out since an American was really the prime mover in the establishment of the institute and the greatest of the agricultural countries. We probably have a greater moral obligation to support the institute than any other nation since the prime mover in the establishment of the institute was David Lubin, an American citizen.

The CHAIRMAN. What does the institute do?

Mr. CARR. The Institute of Agriculture gathers systematically information through the other governments in regard to what is produced in countries of surplus production in competition with the United States, and of what is produced of deficient production in importing countries which will purchase our surplus. Our Department of Agriculture is most desirous to obtain such information systematically to aid it in sending out complete and timely data periodically on production, stock, movement, and prices of the great staple crops. The supply and demand throughout the world have great influence on the prices of American farm products. The Department of Agriculture feels that this information alone is of great practical and financial value to the United States. The fact also that the governments are bound by treaty to supply information on crop production to the institute, enables the institute to go far toward improving the statistical methods in other countries so as to make data comparable. The United States has the best crop and live-stock statistics in the world, but it needs similar statistics from other countries.

One of the most practicable methods of obtaining those statistics is through an international organization such as the Institute of Agriculture which can call upon the several member governments to institute the system necessary to supply the information desired. The institute endeavors to collect the results of the latest researches and experiments in improved agricultural methods of farming, the technical side of agriculture; the improved methods of farming and overcoming plant diseases and insect pests. Another function of the institute is to collect and publish information on the economics of agriculture—farm labor, farm wages, and the financial returns of agriculture. It is the only international service of this character in the world and has supplied information which no individual could get from the other countries. The Department of Agriculture takes the view that as American agriculture has capital invested in the United States of over $80,000,000,000, this Government ought to contribute to the maintenance of the one international institution in the world devoted to the collection and dissemination of agricultural, statistical, and other information.

Mr. BYRNS. This represents our exact proportion of the increase?

Mr. CARR. This represents the proportion in accordance with the stipulation in the treaty.

Mr. BYRNS. Based on our former contribution?

Mr. CARR. Yes.

The CHAIRMAN. This will be our extraordinary assessment.

Mr. CARR. This is our extraordinary assessment of $22,000 for the two years.

Mr. WOOD. Is there a probability of this extraordinary assessment continuing for some time? We are the only ones who are furnishing any real money, are we not?

Mr. CARR. No; Great Britain——

Mr. WOOD (interposing). Great Britain is not furnishing dollar for dollar with us if they make their payments in pounds, because the value of the pound has depreciated.

Mr. CARR. They asked, Mr. Wood, that the governments pay in the money of their own country. Now the British pound sterling

has about the same values in Italian currency that our own money has, so that the depreciation of the pound in relation to our own money would not affect the relation of the pound to Italian money.

Mr. WOOD. Suppose Germany paid it in her own money, in marks.

Mr. CARR. Marks would be different. I have no quotations of the exchange between Germany and Italy, but the purchasing value of the mark is much greater when applied to Italian money than when applied to United States money.

Mr. WOOD. It is only different in degree.

The CHAIRMAN. Are we bound under the treaty to this obligation?

Mr. CARR. We are not bound under the treaty to pay this assessment but it is a moral obligation since nearly all the other nations who have signed the treaty and have supported this institute along with us have either decided to pay their extraordinary quota or are favorably considering that course. We are in the position of a club member who is morally bound to pay an assessment over and above his dues, or leave the club, and we would hardly wish to withdraw from the convention or seek to remain a member without paying our share of the expenses.

The CHAIRMAN. We are bound in a moral sense and all the other countries are paying?

Mr. CARR. Yes; we have consulted them all and we have had replies saying they were paying.

The CHAIRMAN. Can you put in the hearing a list of the countries that are obligated or bound under this treaty?

Mr. CARR. Yes; I will put that in the hearing.

INTERNATIONAL INSTITUTE OF AGRICULTURE AT ROME

Countries signatory to the convention:

Austria-Hungary (not now a member).	France.	Peru.
Argentine Republic.	Germany.	Persia.
Belgium.	Great Britain.	Portugal.
Brazil.	Greece.	Rumania.
Bulgaria.	Guatemala.	Russia.
Chile.	Italy.	Salvador.
China.	Japan.	Servia.
Costa Rica.	Luxemburg.	Spain.
Cuba.	Montenegro.	Sweden.
Denmark.	Mexico.	Switzerland.
Ecuador.	Norway.	Turkey.
Ethiopia.	The Netherlands.	United States.
Egypt.	Nicaragua.	Uruguay.
	Paraguay.	

Mr. KELLEY. I suppose when they get these various donations to Rome from the various countries in all the different sorts of currency, then they will have to convert it into Italian money?

Mr. CARR. Yes; most of it will be disbursed in Italian money.

Mr. HUSTED. May I ask how we are morally obligated—simply because an American citizen started it?

Mr. CARR. I do not mean to say precisely that, sir. I meant to say we are legally obligated to the extent of the original quota of $8,000, which we are paying regularly. The legal quota, by reason of the fact that it is payable in francs, is insufficient to maintain the institute, and therefore all of the Governments from which we have heard, with perhaps four exceptions—and there are 21 Governments

I think—have agreed to pay the extraordinary quota or are favorably disposed to the increase. It would hardly seem fitting that the United States, which took a very great interest in the beginning in the establishment of this institute, the prime mover in which was an American citizen, should fail to join the other Governments in maintaining the institute.

Mr. WOOD. I can understand how the people over there might profit by coming over here to study agriculture, but I do not see how we could profit much by going to Italy to study agriculture.

Mr. CARR. It is not going to Italy, Mr. Wood, it is rather going over the entire world, Italy merely being a center where agricultural information from all over the world is focused and is coordinated and there disseminated in the way of statistics and bulletins.

Mr. KELLEY. It is a sort of clearing house for agricultural statistics?

Mr. CARR. A clearing house is precisely the word for it.

The CHAIRMAN. What practical advantage is it to the United States?

Mr. CARR. Our Department of Agriculture thinks it is of a great deal of practical advantage to know what the crops are all over the world, to know the statistics of prices, of production, of methods, and that kind of thing. Particularly I think they find it very desirable to know the extent of production everywhere. They have invariably advocated most strongly the support of this institute.

The CHAIRMAN. Is it of any advantage to our export trade in agricultural products?

Mr. CARR. In the way that it improves agriculture through publications of the methods found valuable in other countries, in the way it helps to put us in a position to compete with other agricultural nations, to know the current prices, extent of production, pointing out subnormal production and therefore markets for our products, it is of real advantage.

The CHAIRMAN. Are these statistics prepared sufficiently early to enable us to ascertain what the state of the crops in the various world countries may be so as to be able to take advantage of the information?

Mr. CARR. Since 1909 the Institute has been giving the Department of Agriculture monthly crop reports for the principal countries of the world. It makes monthly reports by wireless to the United States. The Department of Agriculture believes that as prices of staple crops are largely influenced by statistics of crop production throughout the world it is important to perfect and develop a system for supplying such information through the Institute. It should also not be overlooked that this additional contribution is really necessary to make serviceable the regular contribution which the United States is making.

NATIONAL SECURITY AND DEFENSE, 1918 AND 1919.

The CHAIRMAN. Your next item is for the national security and defense and for each and every purpose connected therewith, to be expended at the discretion of the President, $118,500.

Mr. CARR. The explanation of that, Mr. Chairman, is, in a general way, the explanation which I have already given to other items. During the war the President made allotments from the appropriation for the national security and defense, one allotment of $1,000,000 and the other allotment of $5,000,000, to be expended through the

embassy in Russia and the consul general over there in the purchase of foodstuffs and other articles to prevent their falling into the hands of the Germans. The purchases were made and the ambassador and consul general drew drafts on the Secretary of State for the amounts to be paid out and sold the drafts. Some of the drafts came in and some did not come in. We know there are outstanding drafts to the extent of $118,500 drawn on the Secretary of State that are going to be presented. Some of them have already been presented.

The CHAIRMAN. Should not the years be enumerated here?

Mr. CARR. I specified somewhere 1918 and 1919.

The CHAIRMAN. Is there a balance left unexpended in this original appropriation of $100,000,000?

Mr. CARR. Oh, yes, sir.

The CHAIRMAN. Has that been turned back into the Treasury?

Mr. CARR. There was turned back of that $6,000,000 which was allotted for the purpose of purchasing foodstuffs and articles of that sort, $1,316,000. Of course, there was a great deal of the national security and defense appropriation that was not in this allocation and that was turned back into the Treasury, but of this allocation of $6,000,000 the amount of $1,316,000 was turned back, and, had those drafts been presented during the life of that appropriation, they could have been paid without question; but they were not presented and now we have no money with which to pay them when presented. We have some of them now. We have one, for instance, for $27,000 and we have another for $46,000 that are ready to be paid, but we have not any money with which to pay them.

The CHAIRMAN. They are included in this $118,500?

Mr. CARR. Yes, sir.

The CHAIRMAN. Will you be kind enough to make us a detailed statement of that?

Mr. CARR. I will be very glad to, and put in a list of the drafts, if you care to have it.

The CHAIRMAN. Yes; that is what I mean—showing in whose favor they are drawn.

Mr. CARR. Yes.

List of outstanding drafts drawn on the Secretary of State on account of Tovaro Obmien, trading house, Darcy, Marshall & Stevens, payable from the appropriation for the national security and defense for the fiscal years 1918 and 1919.

Drafts drawn by David R. Francis, ambassador to Russia:	
No. 170, payable to M. Ter-Keverloff	$5,000
No. 171, payable to M. Ter-Keverloff	5,000
No. 183, payable to T. Solavieff	2,000
Drafts drawn by Dewitt C. Poole, jr., American consul at Moscow:	
No. 25, payable to E. Kroll	5,000
No. 26, payable to M. Kroll	5,000
No. 27, payable to Packshmer & Co	5,000
No. 35, payable to Tobei & Ikeda	27,000
No. 37, payable to Constantine Babanin	10,000
No. 50, payable to Julius Miller	5,000
No. 52, payable to William B. Webster	46,000
Unnumbered, payable to Antonoff	3,500
Total	118,500

ARBITRATION, UNITED STATES AND PERU.

The CHAIRMAN. Your next item is for the expenses of the arbitration between the United States and Peru, $45,000. Tell us about this item, Mr. Carr.

Mr. CARR. This is the arbitration of what is known as the Landreau claim which arose out of an agreement of the Government of Peru to grant certain awards to John Theophile Landreau, a French citizen, because of certain discoveries of guano lands made by him and disclosed by him to the Government of Peru, and contracts of April 6, 1859, and October 29, 1875, between the said John Theophile Landreau and his brother, John Celestin Landreau, a naturalized American citizen, whereby the former assigned to the latter a portion of his claim against Peru. By the contract of April 6, 1859, John Theophile Landreau, in consideration of a certain sum of money to be paid to him by his brother, assigned 50 per cent of his claim to John Celestin Landreau, but, by the contract of October 29, 1875, the amount of the assignment was changed to 30 per cent of the claim. The agreement of the Peruvian Government to reward John Theophile Landreau for his guano discoveries was confirmed by a decree of October 24, 1865, according to which Landreau was to receive payments ranging from 10 to 20 per cent of the value of guano extracted from the lands discovered by him. The Government of Peru was duly informed by the American minister at Lima of the agreement between John Theophile Landreau and his brother, John Celestin Landreau. In 1892 the Government of Peru made a contract of settlement with John Theophile Landreau, in which settlement an attempt was made to cut off the interests of the American citizen, John Celestin Landreau. The Government of Peru has contended that this settlement, to which John Celestin Landreau was not a party, was a release of the American interest in the claim.

By a resolution of February 20, 1880, the House of Representatives, on the strength of a report of the Committee on Foreign Affairs, requested the President to take such steps as in his opinion might be proper and in accordance with international law, to secure to John Celestin Landreau a final settlement and adjustment of his claim against Peru.

In 1881 the department suggested to the Government of Peru that the case be submitted to arbitration. In 1904 our legation again brought the matter to the attention of the Peruvian Government, which replied that it regarded the above-mentioned settlement of 1892 as concluding the matter. At the suggestion of Peru the claimant personally presented the matter to Peru in 1905, but no favorable action was obtained. The matter was again taken up in 1907 and in 1908, at which time the department stated that it would be pleased to receive from the Peruvian Government an offer of an adequate settlement, but Peru disclaimed any further liability, contending that the settlement of 1892 had concluded the matter. In 1909 the Government of Peru offered $50,000 in gold in settlement, which offer was rejected as inadequate. In 1912 a protocol was submitted to Peru, providing for an arbitration tribunal to sit in Panama. Peru submitted a protocol in reply, providing for arbitration at The Hague. In 1913 Peru submitted another protocol, which, however, was not acceptable to this Government.

The present protocol was drafted in reply to a protocol submitted by the Peruvian Government, under date of December 5, 1919. The protocol, a copy of which is hereto annexed, was signed at Lima, Peru, May 21, 1921.

Under the terms of the protocol the President of the United States appointed as the American member of the arbitral commission, Mr. Barton Smith, the Peruvian Government appointed Mr. Carlos A. Prevost, and they two selected as the third arbitrator Viscount Finlay of Nairn.

Mr. Frederick McKinney was appointed agent of the United States, and the case of the United States, prepared by him, was submitted to the Peruvian Ambassador in this city on September 19, 1921, under the provision of Article X of the protocol. According to the same article the answer of the Peruvian Government must be submitted to this Government within five months from the date of the presentation of the case of the United States.

Under Article IV of the protocol the arbitral commission is to meet in the country from which the third commissioner was chosen, viz, England, within 60 days after the case is ready for consideration, according to Article X of the protocol.

The CHAIRMAN. How much is the amount of the claim? Is it $45,000?

Mr. CARR. Oh, yes; it is about $2,700,000 plus interest. As a matter of fact, we hope that we will be able out of the proceeds to reimburse the Government for the amount it is putting into the expenses of the presentation of the claim.

Mr. WOOD. What has become of John Landreau?

Mr. CARR. He or his heirs are to get——

Mr. WOOD. The balance?

Mr. CARR. The balance.

The CHAIRMAN. When this claim is adjusted, if it is adjusted in favor of the United States, is the amount that we provide for taken out of whatever allowance is made?

Mr. CARR. The Secretary's letter to the Budget officer contains the statement that in the event of a substantial award being obtained, it will be possible to deduct therefrom the expense incurred by the Government of the United States in the arbitration of the case.

Mr. BYRNS. There has never been any appropriation made in the years past for this purpose?

Mr. CARR. No; because we have never been able to get the Peruvian Government to agree to arbitrate. This case has been discussed for 40 years and Peru has not hitherto agreed to arbitrate.

The CHAIRMAN. Is this the entire expense of the arbitration or only our proportion of it?

Mr. CARR. This is our proportion of it.

Mr. KELLEY. If we lose, do we have to pay the expenses of both sides?

Mr. CARR. Oh, no; the protocol prescribes that each Government shall pay the expense of preparing its case and presenting it, and then the two Governments shall divide between them the expense of the arbitration; that is, the expense of the arbitrators and of the court itself.

Mr. KELLEY. And whether we win or lose, we will have to pay this amount?

Mr. CARR. Yes. Of course, you will understand that some of these items of expense are only estimated. We do not know exactly whether all of this money will be needed. We do not think any more will be needed, but we can not tell whether all of it will be needed or not.

The CHAIRMAN. Have you a copy of the protocol here?

Mr. CARR. Yes; I have that here and I can put that into the record if you would care to have it.

The protocol referred to follows:

PROTOCOL FOR ARBITRATION OF THE LANDREAU CLAIM AGAINST PERU.

The Government of the United States of America and the Government of the Republic of Peru, not having been able to reach an agreement concerning the claim against Peru of the heirs and assigns of the American citizen, John Celestin Landreau, arising out of a decree of October 24, 1865, of the Government of Peru, providing for the payment of rewards to John Teophile Landreau, brother of John Celestin Landreau, for the discovery of guano deposits, and out of contracts between John Teophile Landreau and John Celestin Landreau entered into on or about April 6, 1859, and October 29, 1875, which claim is supported by the Government of the United States, have resolved to submit the question for decision to an International Arbitral Commission, and to that end have named their respective plenipotentiaries, that is to say, the President of the United States, William E. Gonzales, Ambassador of the United States at Lima, and the President of Peru, doctor Alberto Salomón, Minister of Foreign Relations, who, after having exchanged their full powers, found to be in due and proper form, have agreed upon the following articles:

ARTICLE I. The questions to be determined by the Arbitral Commission are: First. Whether the release granted the Peruvian Government in 1892 by John Teophile Landreau eliminated any claim which John Celestin Landreau, the American citizen, may have had against the Peruvian Government, and if all claims were not thereby extinguished then. Second. What sum, if any, is equitably due the heirs or assigns of John Celestin Landreau?

ART. II. The commission shall be composed of three members, as follows:

The Government of the United States and the Government of Peru shall each, within 30 days after this protocol becomes effective, appoint one commissioner, and these two shall, within 90 days after this protocol becomes effective, select a third commissioner, who shall act as president of the commission and shall be a national of either Denmark, Great Britain, or the Netherlands.

If at the termination of the 90 days' period just mentioned they are unable to agree upon a third commissioner, he shall be selected, within a further period of 30 days, by the Queen of the Netherlands, provided she is willing.

ART. III. All vacancies occurring from death, resignation, or otherwise, in the membership of the commission shall be filled as was the original appointment, within 30 days from the occurrence of such vacancy.

ART. IV. The commission shall, with the consent of the respective Governments, meet at the residence place of the president of the commission within 60 days after the case is ready for consideration, according to the second paragraph of article 10 of this protocol, and shall hold all of its sessions in the same place.

ART. V. The concurrent action of any two members of the commission shall be adequate for a decision on all matters coming before them, including the making of the final award.

ART. VI. The Government of the United States and the Government of Peru shall each be entitled to appoint an agent for the presentation and argument of its case before the commission.

ART. VII. The commission shall keep a record of all its proceedings. For this purpose the president of the commission shall appoint a secretary who shall be of his own nationality.

ART. VIII. In the presentation of its documents, evidence, correspondence, or arguments to the commission, either party may use the English or the Spanish language.

ART. IX. Either party may demand from the other the discovery of any fact or of any document deemed to be or to contain material evidence for the party asking it. Any document desired shall be described with sufficient accuracy for identification, and the demanded discovery shall be made by delivering a statement of the fact or by depositing a copy of such document (certified by its lawful custodian, if it be a

public document, and verified as such by the possessor, if a private one) to the foreign office of the demanding Government which shall be given opportunity to examine the original through its duly accredited diplomatic representatives. If notice of the desired discovery be given too late to be answered 10 days before the commission herein provided for shall sit for hearings, then the answer desired thereto shall be filed with or documents produced before the commission as speedily as possible.

ART. X. The case of the United States and supporting evidence shall be presented to the Government of Peru through its duly accredited representative at Washington as soon as possible, and, at the latest, within four months from the date when this agreement becomes effective. The Government of Peru shall submit in like manner, through its representative at Washington, its full answer to such case within five months from the date of the presentation of the case of the United States. The Government of the United States shall present in like manner its reply to the answer of the Peruvian Government, which reply shall contain only matters in reply to the case of the Government of Peru, within three months from the date of the filing of the Peruvian answer, and Peru may, in like manner, within four months, present a reply to the reply of the Government of the United States. The allegations and documents of each party shall be presented at least in quintuplicate.

The case shall then be ready for consideration by the commission, which shall hear arguments by the agents of the respective Governments, and, in its discretion, may, after convening, call for further documents, evidence, or correspondence from either Government; and such further documents, evidence, or correspondence shall if possible be furnished within 60 days from the date of the call. If not so furnished within the time specified, a decision in the case may be given without the use of said documents, evidence, or correspondence.

ART. XI. The decision of the commission shall be rendered within four months from the date of its first meeting, unless the commission, for reasons which shall be communicated to both Governments, shall find it imperatively necessary to extend the time. The decision, when made, shall be forthwith communicated to the Governments at Washington and Lima. It shall be accepted as final and binding upon the two Governments.

ART. XII. The amount granted by the award, if there should be any, shall be made payable in gold coin of the United States, at the Department of State, Washington, within one year after the rendition of the decision by the commission, with interest at 6 per cent per annum, beginning to run one month after the rendition of the decision.

ART. XIII. Each of the parties hereto shall pay its own expenses and one-half of the common expenses of the arbitration. Each Government shall pay the salary and expenses of the commissioner appointed by it, but the salary and expenses of the third commissioner and of the secretary shall be included in the common expenses of the arbitration.

In faith whereof they have drawn up the present protocol, in duplicate, in like terms in English and Spanish, signing and sealing it with their private seals, in Lima, this 21st day of May, 1921.

WILLIAM E. GONZALES [SEAL.]
A. SALOMÓN [SEAL.]

Mr. BYRNS. I presume this item of rent applies to quarters to be occupied in London?

Mr. CARR. Yes; when our agent goes to London, of course, he must have quarters in which to maintain his office for the short time he will be there. There will be no rent here.

The CHAIRMAN. Mr. Carr, I think the policy of the committee would be antagonistic to the language "to be immediately available and to continue available until expended," because it never gets off the books if we put it in that way.

Mr. CARR. Mr. Chairman, may I explain what we meant by that? To be immediately available means that we have a time limit fixed within which proceedings must begin. The protocol contains a time limit within which we can act, and the Secretary has already been obliged to go ahead and get some one to prepare this case.

The CHAIRMAN. This appropriation will be immediately available upon approval by the President anyway without this language,

because being a deficiency appropriation it becomes available at once on approval.

Mr. CARR. We understood this bill might contain some limitation that would make this language "immediately available" necessary.

The CHAIRMAN. I would not think so.

Mr. CARR. If that is true, we would not care anything about that. So far as continuing available until expended is concerned, the reason for that is that this arbitration is likely to run over the limit of the fiscal year.

The CHAIRMAN. Suppose we made it available until December 31, 1922, how would that meet your view? That fixes a limit and if you have to come back, of course you could do so.

Mr. CARR. I fear that would not do, because under the terms of the protocol the earliest date upon which the decision of the arbitrators is due is March 21, 1923. There might be delay beyond that date. Even after the decision there would have to be arranged the compensation of judges, court expenses, and perhaps other matters. Since the estimate is very conservative, and practically the entire expense would be at least obligated during the current year, would it not be less trouble to Congress to make the entire appropriation now available until expended?

ARBITRATION, UNITED STATES AND NORWAY.

The CHAIRMAN. The next item is for the expenses of the arbitration between the United States and Norway of certain claims of Norwegian subjects aganist the United States arising out of requisitions made by the United States Shipping Board Emergency Fleet Corporation. Tell us about that.

Mr. CARR. That, Mr. Chairman, is a question of the arbitration of claims which the Norwegian Government has against us.

The Norwegian claims grow out of a requisition order issued by the United States Shipping Board Emergency Fleet Corporation during the World War. This order was communicated to the various shipyards by telegrams dated August 3, 1917, which requisitioned "all power-driven cargo-carrying and passenger vessels above 2,500 tons dead weight capacity under construction in your yards, and materials, machinery, equipment and outfit thereto pertaining." Under the terms of this order a number of vessels in various stages of construction belonging to Norwegian subjects were taken over by the Shipping Board, together with materials, and equipment destined for the construction of other vessels. Negotiations thereupon ensued between the Shipping Board and the Norwegian interests with respect to the "just compensation" due the Norwegian owners for the vessels and materials so requisitioned, under the terms of the Emergency Shipping Fund provision of the urgent deficiency appropriation act of June 15, 1917.

On June 3, 1919, an agreement was reached between the Shipping Board and the Norwegian owners representing 27 of the Norwegian new buildings, the so-called "stray group," whereby a payment of $34,500,000 was made to the Norwegian owners in full settlement of their claims. The Shipping Board was, however, unable to come to terms of agreement with the representatives of the so-called "Christiania group," comprising the owners of 15 other Norwegian

steel cargo vessels which had been contracted for with American yards. The Shipping Board was willing to pay for the physical property requisitioned, i. e., any construction actually done and any materials actually assembled or contracted for, and to reimburse the former owner for any progress payments made to the shipbuilder, not represented by work or materials. But the Board was not willing to reimburse the Norwegians for the sums which they claim to have paid for the so-called "ships' position," i. e., the value of their contracts to have a ship built.

The Norwegians also disputed the effective date of requisition and maintained that they were entitled to settlement on the basis of assignments of contracts made subsequent to August 3, 1917.

The net result of this divergence of viewpoint was that while the requisition claims commission of the Shipping Board was willing to recommend settlements amounting to about $2,500,000 the Norwegian claimants demanded $14,157,977.58, an amount which was subsequently increased when the claim was presented diplomatically by the addition of indirect damages, raising the aggregate claim to $15,600,000.

The CHAIRMAN. Have we entered into any contract with the Norwegian Government that we will pay them?

Mr. CARR. We have entered into an agreement with the Norwegian Government, which has been ratified by the Senate and proclaimed by the President, providing for the arbitration of these claims, and this is merely for the expense of arbitration of a matter already approved by the Senate.

The CHAIRMAN. Have you a copy of the agreement?

Mr. CARR. It was printed in the record of July 27, but I will furnish the committee or put in my hearing a copy of the record, official print.

AGREEMENT BETWEEN THE UNITED STATES AND NORWAY FOR THE SUBMISSION TO ARBITRATION OF CERTAIN CLAIMS OF NORWEGIAN SUBJECTS.

The United States of America and His Majesty the King of Norway, desiring to settle amicably certain claims of Norwegian subjects against the United States arising, according to contentions of the Government of Norway, out of certain requisitions by the United States Shipping Board Emergency Fleet Corporation;

Considering that these claims have been presented to the United States Shipping Board Emergency Fleet Corporation and that the said corporation and the claimants have failed to reach an agreement for the settlement thereof;

Considering, therefore, that the claims should be submitted to arbitration conformably to the Convention of the 18th of October, 1907, for the pacific settlement of international disputes and the Arbitration Convention concluded by the two Governments April 4, 1908, and renewed by agreements dated June 16, 1913, and March 30, 1918, respectively;

Have appointed as their plenipotentiaries, for the purpose of concluding the following Special Agreement:

The President of the United States of America: Charles E. Hughes, Secretary of State of the United States; and

His Majesty the King of Norway: Mr. Helmer H. Bryn, His Envoy Extraordinary and Minister Plenipotentiary at Washington;

Who, after having communicated to each other their respective full powers, found to be in good and due form, have agreed on the following articles:

ARTICLE I.

The Arbitral Tribunal shall be constituted in accordance with Article 87 (Chapter IV) and Article 59 (Chapter III) of the said Convention of October 18, 1907, except as hereinafter provided, to wit:

One arbitrator shall be appointed by the President of the United States, one by His Majesty the King of Norway, and the third, who shall preside over the Tribunal, shall be selected by mutual agreement between the two Governments. If the two Governments shall not agree within one month from the date of the exchange of ratifications of the present Agreement in naming such third arbitrator, then he shall be named by the President of the Swiss Confederation, if he is willing.

The tribunal shall examine and decide the afore-aid claims in accordance with the principles of law and equity and determine what sum if any shall be paid in settlement of each claim.

The tribunal shall also examine any claim of Page Brothers, American citizens, against any Norwegian subject in whose behalf a claim is presented under the present Agreement, arising out of a transaction on which such claim is based, and shall determine what portion of any sum that may be awarded to such claimant shall be paid to such American citizens in accordance with the principles of law and equity.

ARTICLE II.

As soon as possible, and within five months from the date of the exchange of ratifications of the present Agreement, each Party shall present to the agent of the other Party, two printed copies of its case (and additional copies that may be agreed upon) together with the documentary evidence upon which it relies. It shall be sufficient for this purpose if such copies and documents are delivered at the Norwegian Legation at Washington or at the American Legation at Christiania, as the case may be, for transmission.

Within twenty days thereafter, each Party shall deliver two printed copies of its case and accompanying documentary evidence to each member of the Arbitral Tribunal, and such delivery may be made by depositing these copies within the stated period with the International Bureau at The Hague for transmission to the Arbitrators.

After the delivery on both sides of such printed case, either Party may present, within three months after the expiration of the period above fixed for the delivery of the case to the agent of the other Party, a printed counter-case (and additional copies that may be agreed upon) with documentary evidence, in answer to the case and documentary evidence of the other Party, and within fifteen days thereafter shall, as above provided, deliver in duplicate such counter-case and accompanying evidence to each of the Arbitrators.

As soon as possible and within one month after the expiration of the period above fixed for the delivery to the agents of the counter-case, each Party shall deliver in duplicate to each of the Arbitrators and to the agent of the other Party a printed argument (and additional copies that may be agreed upon) showing the points relied upon in the case and counter-case, and referring to the documentary evidence upon which it is based. Delivery in each case may be made in the manner provided for the delivery of the case and counter-case to the Arbitrators and to the agents.

The time fixed by this Agreement for the delivery of the case, counter-case, or argument, and for the meeting of the Tribunal, may be extended by mutual consent of the Parties.

ARTICLE III.

The Tribunal shall meet at The Hague within one month after the expiration of the period fixed for the delivery of the printed argument as provided for in Article II.

The agents and counsel of each Party may present in support of its case oral arguments to the Tribunal, and additional written arguments, copies of which shall be delivered by each Party in duplicate to the Arbitrators and to the agents and counsel of the other Party.

The Tribunal may demand oral explanations from the agents of the two Parties as well as from experts and witnesses whose appearance before the Tribunal it may consider useful.

ARTICLE IV.

The decision of the Tribunal shall be made within two months from the close of the arguments on both sides, unless on the request of the Tribunal the Parties shall agree to extend the period. The decision shall be in writing.

The decision of the majority of the members of the Tribunal shall be the decision of the Tribunal.

The language in which the proceedings shall be conducted shall be English.

The decision shall be accepted as final and binding upon the two Governments.

Any amount granted by the award rendered shall bear interest at the rate of six per centum per annum from the date of the rendition of the decision until the date of payment.

ARTICLE V.

Each Government shall pay the expenses of the presentation and conduct of its case before the Tribunal; all other expenses which by their nature are a charge on both Governments, including the honorarium for each arbitrator, shall be borne by the two Governments in equal moieties.

ARTICLE VI.

This Special Agreement shall be ratified in accordance with the constitutional forms of the contracting parties and shall take effect immediately upon the exchange of ratifications, which shall take place as soon as possible at Washington.

IN WITNESS WHEREOF, the respective plenipotentiaries have signed this Special Agreement and have hereunto affixed their seals.

Done in duplicate at Washington this 30th day of June, 1921.

[SEAL.] CHARLES E. HUGHES
[SEAL.] HELMER H. BRYN

The CHAIRMAN. We will be glad to have that. You think we are bound now to enter upon the arbitration?

Mr. CARR. Oh, yes; we are bound now to enter upon the arbitration. The President has negotiated this special agreement and the Senate has ratified the agreement, and therefore we are legally bound to continue with the arbitration. It may be added that the United States and Norway are parties to the Hague Convention of 1907 and also have a general arbitration convention concluded April 4, 1908, and renewed June 16, 1913, and March 13, 1918.

Mr. KELLEY. My recollection about this is that the ships were requisitioned while on the ways of shipbuilding companies in this country and the price that this Government was willing to pay was the amount that the Norwegian owners had contracted for with American shipbuilders; but instead of that, they wanted the market value of those ships at the time they were taken by the Government. In other words, we wanted to settle with them on the same basis that we settled with our own citizens and they would not accept that.

Mr. CARR. I do not know the details of the arbitration, quite naturally, and the solicitor of the department was not able to come up with me this afternoon because of doing something else for the secretary.

The CHAIRMAN. I notice that you have language in here which I think if employed would give you the right to exceed the amount of subsistence expenses provided by law: "Including personal services in the District of Columbia and elsewhere, and actual and necessary traveling and subsistence expenses, notwithstanding the provisions of any other act."

Now, you might employ people in the District out of this appropriation which would not be authorized under the law, if this language goes in, and this would be an amendment to the law which I doubt the wisdom of.

Mr. CARR. Mr. Chairman, that was put in intentionally, and I will explain why. This is a treaty obligation. It requires a special kind of service. It is outside of the department service and we thought it ought to be treated differently and outside of the limitations placed upon departmental appropriations.

The CHAIRMAN. In what respect?

Mr. CARR. Not with respect to subsistence in the District of Columbia, of course, but with respect to personal services in the District. This is a phrase which was copied from the appropriation made for the present conference on limitation of armaments.

The CHAIRMAN. We did that advisedly here, because we did not want to embarrass the administration in any way in connection with the disarmament conference, but ordinarily we do not think that is a good practice.

Mr. CARR. Assuming that you have no objection to the proposed detailed expenditures in the statement on page 78, I do not imagine it would make any difference if personal services in the District of Columbia were omitted. I am unable to recall precisely what the imitation is which gave rise to that provision in the conference appropriation.

Mr. KELLEY. It is the language, "actual and necessary traveling and subsistence expenses, notwithstanding the provisions of any other act," that you refer to, which means a limitation of $4 a day.

Mr. CARR. Of course, if you put the regular limitation upon the necessary traveling and subsistence expenses for this arbitration, then you impair the ability of the Secretary to accomplish the purpose of this appropriation, because it is evident that an agent, counsel, clerks, and others can not go over to London or The Hague and live on the amount which the regular statutes provide, $4 or $5 a day. Our consular inspectors are given by Congress $8 a day, and that is inadequate for them. Members of an arbitration commission can not live upon any such allowance. Moreover, we must pay the expenses of the arbitrators and we could hardly place a limit upon their manner of living, especially where two will be foreign subjects of note and the expenses will be subject to agreement with the other arbitrating Government.

The CHAIRMAN. "No money appropriated by any other act shall be used during the fiscal year 1922 for the employment and payment of personal services by the Department of State in the District of Columbia." That is what you are trying to avoid?

Mr. CARR. We do not want to use this for employing anybody in the Department of State. My understanding is that this provision "notwithstanding the provisions of any other act," has no reference to actual and necessary travel and subsistence expenses, and if that comma were taken out after the word "expenses," it would convey the exact meaning that I have in mind.

The CHAIRMAN. If you took the comma out, it would permit you to enlarge the amount allowed for travel expenses?

Mr. CARR. Yes, sir; for this particular purpose, and it seems to me that it is very necessary because you can not expect anybody going abroad upon a mission of this kind to live on four or five dollars per day at the present time. A man occupying the position that these men will occupy could not do that.

The CHAIRMAN. I suppose that is true, and that would be true in the case of these other arbitrators. What do you think would be a fair allowance?

Mr. CARR. I would hesitate to say. It would depend on a great many things, and would vary with the position of the individual.

The CHAIRMAN. You have left the comma out of the other provision?

Mr. CARR. Yes, sir.

The CHAIRMAN. We ought to put a limit in there, because if we do not put a limit somewhere, they could go on and spend anything they liked.

Mr. WOOD. Why not limit it to the actual traveling expense?

Mr. KELLEY. That is in there.

The CHAIRMAN. It is the subsistence expenses that we are fearful about. The traveling expenses are limited by the amount they have to pay.

Mr. CARR. If we have an agent in London with counsel and a secretary, we would want them to live, I take it, in a dignified manner. Whether they could do that on $10 per day or whether the cost would be $25 per day, I am unable to say.

The CHAIRMAN. The cost would not be as much there as here.

Mr. CARR. No, sir; not as much there as here. I think it would be less.

The CHAIRMAN. You have the other proviso in here, "To be immediately available and to continue available until expended."

Mr. HUSTED. Why could they not pay a part of their subsistence expenses out of their salaries? Are the salaries liberal enough to enable them to do that?

The CHAIRMAN. The compensation of the agent is $10,000 and that of the counsel is $7,500. The others range all the way down to $2,500.

Mr. HUSTED. The man receiving $10,000 might contribute a little something toward his subsistence.

The CHAIRMAN. Will all these men be Americans?

Mr. CARR. Yes, sir. The agent in the Norwegian case is Mr. William C. Dennis, and Mr. Frederick McKinney is the agent in the Landreau case. These expenses are made up on the basis of a number of previous arbitrations that have taken place, and the estimate is very conservative when compared with previous arbitrations.

Mr. KELLEY. These cases will not require a very long time, will they?

Mr. CARR. The Norwegian case must be submitted within nine months after the signing, and the other case must be submitted within three months after the other side presents its case, and the decision must be rendered within two months after the close of the argument on both sides. Our agent would be there only during the presentation of the case and the arguments.

The CHAIRMAN. They would prepare the work here?

Mr. CARR. Yes, sir; they would prepare the work here, so that the length of time during which they would carry on the work over there would be comparatively short. Just how long it would be I do not know. It would depend altogether on how much time must be taken with the arguments, and the developments from the arguments on both sides.

The CHAIRMAN. It would not be more than a month?

Mr. CARR. I do not think it would be a month; certainly not in excess of two months. I think you might very safely trust that to the department without limitation. That has always been done in the past, and there has never been any abuse, so far as I know. The

department can easily insure economy on the part of the American delegation, but of course it can not venture to regulate the expenses of the court.

INTERNATIONAL LATITUDE OBSERVATORY AT UKIAH, CALIF.

The CHAIRMAN. You have an estimate of $2,000 for the maintenance of the International Latitude Observatory at Ukiah, Calif.

Mr. CARR. In pursuance of two resolutions of Congress, we entered into an agreement to become a member of what is known as the International Geodetic Association a number of years ago. We contributed to that association until the war began. The association established in this country a latitude observatory at Gaithersburg, Md., and another one at Ukiah, Calif., and they maintained those observatories at an expense amounting to considerably more than our contribution to the association. Then the war came on, and, as the seat of the association was at Berlin, the Allied Governments took over the observatory stations within their boundaries. We took over the one at Ukiah and closed the one at Gaithersburg, Md., for lack of funds. Japan took over her's and Italy took over her's. Now, since the war the allied nations have established what they call the International Geodetic and Geophysical Union, and they propose to take over into that union this International Geodetic Association.

Dr. Walcott, the president of the National Academy of Sciences, asked the department to estimate for this again this year and again next year, with the understanding that by or before the end of the fiscal year 1923 they will have covered this association, or what remains of it, into the International Geodetic and Geophysical Union, when the Government's contribution for the maintenance of the Ukiah Station will cease. They consider that station to be an important thing to continue. It has proved to be very useful in checking up with the chain of other stations maintained the correctness of latitude observations. Now, they have discovered also that this Ukiah Station is of value in detecting certain crustal movements in California, which possibly involve the city of San Francisco, and by continuing the observations at this station they hope to be able to predict with some precision the occurrence of earthquakes on the Pacific slope. Dr. Walcott regards the continuance of this contribution as very valuable, and so does the International Research Council.

The CHAIRMAN. Is there a resolution of Congress authorizing it?

Mr. CARR. There is a resolution of Congress authorizing us to enter into this association and to become a member of it, which of course involves payment of contributions. We paid our annual contributions to the Geodetic Association down to the middle of the war, and then Congress authorized the quotas to be diverted to the maintenance of Ukiah Station.

The CHAIRMAN. Will you be kind enough to put a reference to the resolutions in the record for our information?

Mr. CARR. Yes, sir; I will. The joint resolutions of Congress approved February 5, 1889, and July 23, 1894.

The CHAIRMAN. Was this asked for in the last diplomatic and consular appropriation bill?

Mr. CARR. No; not in the last bill. We have been asking for it annually, but for this current year we did not. We thought it was going to be supported by the National Research Council; we thought we, along with other allied and associated Governments, would terminate our membership because of its German origin and let the council take it over, but they tell us now they are not ready to take it over.

The CHAIRMAN. How is it being maintained now?

Mr. CARR. It is being maintained, I think, with the contributions which have been made by several scientific bodies.

The CHAIRMAN. Is it likely that they have enough of an unexpended balance to continue for the balance of this year without having a deficiency appropriation?

Mr. CARR. I feel quite certain they have not. My information is that they can not in any event maintain the station more than two or three months longer without an appropriation.

The CHAIRMAN. These are very unpopular things on deficiency appropriation bills.

Mr. CARR. I know they are, sir; and no one dislikes them more than I do, but this amount is merely that necessary to protect, as it were, the investment the Government has been making for more than 20 years until a financially able institution is able to take over the support of the station and relieve the Government of further expenditure.

WEDNESDAY, NOVEMBER 9, 1921.

UNITED STATES VETERANS' BUREAU.

VOCATIONAL REHABILITATION.

STATEMENTS OF COL. C. R. FORBES, DIRECTOR; COL. ROBERT U. PATTERSON, ASSISTANT DIRECTOR, MEDICAL DIVISION; R. C. ROUTSONG, BUDGET OFFICER; DR. H. S. CUMMING, SURGEON GENERAL; AND DR. C. H. LAVINDER, ASSISTANT SURGEON GENERAL, PUBLIC HEALTH SERVICE.

The CHAIRMAN. Col. Forbes, you are before the committee with a request for a little over $120,000,000?

Col. FORBES. Yes, sir.

The CHAIRMAN. Your appropriation for vocational training is what?

Col. FORBES. $77,257,000.

The CHAIRMAN. The appropriation was $65,000,000 for the current fiscal year, plus the unexpended balances for the fiscal years 1920 and 1921. I do not know how much they amounted to. Do you?

Col. FORBES. No; I do not, Mr. Chairman. The amount involved in unpaid encumbrances was not given to us when we took over the Federal board.

The CHAIRMAN. I wish you would make a complete detailed statement in your own way as to what the necessity for this additional appropriation is, how you proceed to determine when a man is entitled to vocational training, the conditions under which he is entitled to training, what compensation is allowed while he is under

training; the length of time that he is allowed to be in training, if there is any limit to it; what happens when he goes through the training, whether the Government's obligation ceases; and any other information you may have that will be of interest and give us the knowledge and experience that will enable us to intelligently treat the subject before us.

GENERAL STATEMENT.

Col. FORBES. Vocational training is provided for under the vocational act. It was administered by the Federal Board for Vocational Training previous to the bureau taking over that responsibility. The organization which administered the act was known as the Rehabilitation Division of the Federal Board for Vocational Training.

A man to receive vocational training must have a physical handicap. With a handicap of less than 10 per cent he is not entitled to compensation. With a physical handicap of over 10 per cent he is entitled to hospitalization, compensation, or vocational rehabilitation.

The CHAIRMAN. Please tell us how you reach the conclusion that he is classed as 10 per cent disabled?

Col. FORBES. That is statutory, fixed by the law, by the original war risk act.

The CHAIRMAN. Who determines when he is 10 per cent disabled, the law does not?

Col. FORBES. The physicians determine his disability. A man, when he is found to have a vocational handicap and his physical disability does not prevent him from taking a training, instead of going to the hospital, he is sent to a training school, and then receives, as vocational maintenance, $100 a month, plus the allowances for dependents, or a maximum of $170 a month. In compensation he is rated dependent upon the degree of his disability. If 10 per cent he gets $8 a month, and so on. His maximum for a permanent total is $100 a month or for a temporary total $80 a month, plus allowances for his dependents. It is rather regrettable that the pay for dependents is not the same in compensation as it is in vocational maintenance. The dependents of men receiving vocational training receive a higher allowance. At the present time we have approximately 100,000 men receiving vocational training. We have approximately 440,000 men who have made application for vocational training. As to compensation and to hospitalization, by the terms of the Sweet bill, any man who suffers with tuberculosis or a neuropsychiatric disease, after a period of two years from the time he left the military service, he is presumed to have incurred his disability in the line of duty.

The CHAIRMAN. After a period of two years?

Col. FORBES. Yes, sir. A great many men, after the passage of the Sweet bill, came under that category.

We have at the present time 30,000 men in the hospitals who are in the majority of cases receiving compensation. That does not mean, however, that every inmate of a Government or a contract hospital receives compensation, because men are hospitalized awaiting diagnosis, and when diagnosed the compensation is fixed. A great many men enter the hospitals who are there for a period of

time, awaiting the period of observation and diagnosis, and then discharged from the hospital without compensation, but the law provides, however, that all men shall be hospitalized pending the period of observation.

The CHAIRMAN. All men who make application?

Col. FORBES. Yes, sir.

The CHAIRMAN. Regardless of whether they have anything the matter with them or not?

Col. FORBES. Tuberculosis and mental cases require observation to determine that. The compensation feature is determined usually after a period of three weeks to a month, dependent upon the condition of the patient and the degree of his disability. Where several X-rays are necessary and other observation must be made, it takes a correspondingly increased length of time to get the diagnosis. So every man applying for hospital care is hospitalized. The bureau has made over a million physical examinations of men.

The CHAIRMAN. Not of a million men?

Col. FORBES. We have made over a million physical examinations, not a million men; sometimes two or three examinations of a man. We know about what our expectancy is or when we will reach the peak of our hospitalization. We believe that 35,000 men will represent the peak of our load.

The CHAIRMAN. That is 5,000 more than you have now?

Col. FORBES. That is 5,000 more than we have now; yes, sir.

Mr. GALLIVAN. 5,000 more than you have now?

The CHAIRMAN. In the hospitals.

Col. FORBES. The number of new general medical and surgical cases should reduce very rapidly now. In other words, we have probably passed the peak.

The CHAIRMAN. Please tell us what general medical cases are.

Col. FORBES. The empyema and lung operations, diseases of the circulatory system, amputations, fractures, and communicable diseases except tuberculosis, constitutional diseases, digestive diseases, diseases and injuries of joints and muscles, diseases of eye, ear, nose, throat, and adnexa diseases of skin, genitourinary system, and reproductive organs.

The CHAIRMAN. How many have you now?

Col. FORBES. About 9,000.

The CHAIRMAN. About 9,000 general medical cases?

Col. FORBES. Yes, sir. Our tuberculosis and neuropsychiatric population will increase about 3,000 over the number now hospitalized.

The CHAIRMAN. How many of those are now hospitalized?

Col. FORBES. There are 11,900 tuberculosis cases and 8,000 neuropsychiatric cases.

Mr. GALLIVAN. You only expect an increase of 3,000?

Col. FORBES. In the tuberculosis cases, yes, sir; and the balance in the neuropsychiatric. The difference between the two, or 2,000, is the number to be added to the nervous cases.

The CHAIRMAN. How do you reach that conclusion?

Col. FORBES. By an analysis of the hospital situation, the net increase in the number hospitalized, and also based on the rate at which we are receiving new claims. The average number of new cases received is about 700 a day. Since we started a clean-up drive, they have increased to 1,700 a day. However, in this additional

file of claimants about 65 or 70 per cent of the new cases are being disallowed.

The CHAIRMAN. Is there a limit within which they can make application?

Col. FORBES. There is no time limit if you can connect your disability with the service by affidavits or through other avenues of information. We have paid compensation to approximately 375,000 men or to their dependents.

The CHAIRMAN. What is the average rate?

Col. FORBES. About $60 is the average rate for the compensation, perhaps a little less.

The CHAIRMAN. $60 a month?

Col. FORBES. I would say that would be the average compensation.

Mr. ANTHONY. How many men are there who incurred disability from wounds and how many from disease?

Col. FORBES. Of course, the greater percentage of claimants are from disease and not from wounds.

ORGANIZATION.

The CHAIRMAN. Tell us how you are organized. What does your organization consist of?

Col. FORBES. The organization consists of one director, an assistant director of vocational training, an assistant director of compensation and claims, an assistant director in charge of insurance. I will file a chart which shows the organization of the central office.

DIVISION OF INSURANCE.

If you will allow me to do so, I would like to explain the Insurance Division.

The CHAIRMAN. Surely.

Col. FORBES. It is an organization representing $4,000,000,000 worth of insurance.

The CHAIRMAN. What is the amount of the premiums paid on that insurance?

COST OF TERM AND CONVERTED INSUARNCE.

Col. FORBES. There are two classes of insurance; one is term insurance and the other is Government insurance, converted insurance, the law providing that before 1926 all of this insurance must be converted to what is known as straight line insurance. I have only received my education in insurance, Mr. Chairman, since I have been in the bureau. Our average cost of writing insurance is $1 a thousand, which is much less than the cost of writing insurance in private companies.

The CHAIRMAN. That is, $1 per thousand per annum?

Col. FORBES. Yes, sir.

The CHAIRMAN. And what do you get?

Col. FORBES. Our insurance division to date, has been a self-supporting institution.

The CHAIRMAN. I know, but what do the premiums amount to?

Col. FORBES. The average premium on converted insurance would be about $27 per year.

The CHAIRMAN. Per thousand?

Col. FORBES. Yes. For the term insurance the average is about $7.92 per year.

The CHAIRMAN. You are carrying the war-time rates?

Col. FORBES. Yes; and a great many of the men are converting their insurance.

The CHAIRMAN. What does it cost?

Col. FORBES. It costs approximately $6.

The CHAIRMAN. That is what it costs the Government?

Col. FORBES. No, sir; it costs the Government $1 to write $1,000 worth of insurance.

The CHAIRMAN. But what does it cost to carry it into execution?

Col. FORBES. It costs to carry it into execution about 5 per cent for operating expenses.

The CHAIRMAN. I do not think you get my question. It costs you $1 for the actual physical work of writing it?

Col. FORBES. Yes.

The CHAIRMAN. That is, the clerical force and everything attached to it?

Col. FORBES. Yes, sir.

The CHAIRMAN. And you get $6. That leaves you $5. Now, how much more than $5 does it cost the Government?

Col. FORBES. It does not cost the Government any more than $5.

The CHAIRMAN. Tell us how that happens.

Col. FORBES. Well, it is a profitable institution; we will be able to declare dividends on the converted insurance.

Mr. ANTHONY. How much less are your premiums on term insurance than a soldier would have to pay if he secured insurance from one of the standard life companies? What would be the premium, say, on a 20-payment policy for a man 21 years of age?

Col. FORBES. That is our converted insurance. It is about $2 cheaper.

Mr. ANTHONY. Per thousand?

Col. FORBES. Yes.

Mr. ANTHONY. That would be about 10 per cent cheaper?

Col. FORBES. Approximately 10 per cent cheaper.

Mr. BYRNS. The liability under this insurance will increase as the years go by. About how long will it be before the premiums being charged by the Government will prove insufficient to carry the losses?

The CHAIRMAN. That is what I meant to ask.

Col. FORBES. We have a sum of money set aside for that purpose. How much is it?

Mr. ROUTSONG. In the military and naval fund, term insurance, we still have a balance of $145,000,000 in premiums that have been paid in, either direct or by transfer from the War and Navy Departments; that is the amount unexpended. It is estimated that that is sufficient to run us through 1923.

The CHAIRMAN. For the whole period of this term insurance?

Mr. ROUTSONG. No, it will not; it will run us through 1923.

The CHAIRMAN. Then, of course, it costs you a great deal more, and it is not a profitable institution.

Col. FORBES. Our converted insurance is a profitable insurance. By this I mean that it will be possible to pay dividends to the policyholders.

The CHAIRMAN. That is straight life insurance?

Col. FORBES. Yes, sir.

The CHAIRMAN. Of course, that is a different proposition.

Mr. ANTHONY. All the men who are insured now are young men, as a rule?

Col. FORBES. Yes, sir; I should say the average age was 26.

Mr. ANTHONY. As the years go by you will not recruit your ranks with young men, and as these soldiers grow old and the mortality increases, will there not come a time when your losses will far outweigh your income, or are you providing a sufficient reserve at these rates which you think will make the Government whole?

Col. FORBES. It will carry us for a considerable length of time. We are investing our earnings in Government bonds; we have now about $35,000,000 of Liberty bonds.

Mr. ANTHONY. Is the reserve you are manitaining the approved reserve required by the State insurance departments?

Col. FORBES. No, sir.

Mr. ANTHONY. How far short of it is it?

Mr. KELLEY. I think what Mr. Anthony means is this: Suppose you should insure 100,000 men 26 years of age, according to the proper rates under the American table of mortality; you would not need to take in anybody else after that, because that class would carry itself.

Col. FORBES. Yes; that class would carry itself.

Mr. ANTHONY. At the rates you are charging?

Col. FORBES. Yes, sir; it would.

NUMBER OF SERVICE MEN INSURED.

The CHAIRMAN. How many of the men who were in the service are insured?

Col. FORBES. About 640,000.

The CHAIRMAN. Is the insurance open to any of the others now?

Col. FORBES. I think there is some legislation pending seeking to extend it.

Mr. GALLIVAN. Have you any idea as to how many boys dropped their insurance?

Col. FORBES. About 60 per cent.

VOCATIONAL REHABILITATION.

The CHAIRMAN. What I am interested in now more particularly is to find out how you find a necessity for $77,257,000 more for vocational training during the balance of this fiscal year?

Col. FORBES. Well, it is dependent altogether on the number of men who are vocationalized.

The CHAIRMAN. Have you such a statement?

Col. FORBES. Yes.

The CHAIRMAN. Give it to us.

NUMBER OF MEN IN TRAINING AND ELIGIBLE FOR TRAINING.

Mr. ROUTSONG. It is estimated that the number of men in training and receiving maintenance pay as of the 1st of the month will be as follows throughout this fiscal year:

July	90,877	January	95,044
August	92,414	February	95,297
September	90,621	March	95,935
October	90,827	April	95,435
November	92,371	May	96,251
December	93,290	June	97,232

That is estimated, Mr. Chairman, on the number in training at the beginning of the year, actually in training being 91,000 and increasing to the end of the year to 98,000.

The CHAIRMAN. How do you make the calculation?

Mr. ROUTSONG. It was based upon the average rate at which the men from this reservoir of 440,000 applicants were going into training, the average net rate being slightly in excess of 4,000 per month.

Mr. KELLEY. Since when?

Mr. ROUTSONG. That rate has been going on now for about twelve months, as I recall.

The CHAIRMAN. How many were in training at the beginning of the period about which you are talking?

Mr. ROUTSONG. There were 56,000; that was last November.

Mr. GALLIVAN. Right here I want to ask a question which I think ought to come in here and the figures bear out the colonel's statement. Approximately 100,000 men are now receiving vocational training.

The CHAIRMAN. 91,000.

Col. FORBES. That is section 2 training, where the trainee receives maintenance pay. Section 3 training, 8,000, where the trainee receives no maintenance pay, and section 6 training, 500, where there are a few in hospitals who are taking vocational training.

Mr. GALLIVAN. The colonel said there was a net registration of 440,000. Are those 440,000 in addition to the men now getting training?

Col. FORBES. No, sir.

Mr. GALLIVAN. Here is what I want to ask: Approximately how many are awaiting vocational training; that is, those who have applied for it but have not been granted the training?

Co. FORBES. There are 27,000 whose eligibility had not been determined.

Mr. GALLIVAN. Have 400,000 applied?

Col. FORBES. Yes, 440,000.

Mr. GALLIVAN. They have qualified?

Col. FORBES. No, not all of them; 285,000 have been declared eligible. This includes men who because of their physical condition can not take training at the present time.

Mr. GALLIVAN. And there are 400,000 now waiting?

Col. FORBES. No.

Mr. ANTHONY. This training is only supposed to be given disabled men?

Col. FORBES. That is all, disabled men.

Mr. ANTHONY. Are there 400,000 more disabled men in addition to those that you have in training, do you think?

Col. FORBES. The net registration at this time is 440,000.

Mr. ANTHONY. That is, through diseases that have come since the war?

Col. FORBES. Yes, sir. Some of these are due to diseases developed since the war.

Mr. GALLIVAN. Will these 440,000 be denied vocational training if you do not get this appropriation?

Col. FORBES. The 280,000 declared eligible would be directly affected, and the training of some 100,000 will lack funds to continue.

Mr. BYRNS. As I understand it, there are 440,000 drawing compensation?

Col. FORBES. Between 90,000 and 91,000 are receiving maintenance pay. They receive this while in training under section 2 of the act.

Mr. BYRNS. You say there are 440,000 who are eligible for training?

Col. FORBES. Four hundred and forty thousand made application for training and 128,000 have been granted training.

Mr. BYRNS. I understood you to say a moment ago that there were 440,000 eligible for training.

Col. FORBES. Four hundred and forty thousand made application for training.

Mr. GALLIVAN. And they have qualified?

Mr. BYRNS. And they have qualified. Does that mean they have all applied for it?

Col. FORBES. Yes.

Mr. BYRNS. But have not received it?

Col. FORBES. Not as yet.

Mr. GALLIVAN. There will be more than 440,000 then?

Col. FORBES. There will be many more.

The CHAIRMAN. You say they have been coming in at the rate of 4,000 per month for the last eight months. Tell us how many you had by months, giving the number each month from the 1st of last January.

Mr. ROUTSONG. I will give you round figures which denote the net increase. January, 66,000; February, 71,000; March, 76,000; April, 80,000; May, 83,500; June, 85,300; July, —; and now we get into 1922—88,000; August, 92,400; September, 96,000.

The CHAIRMAN. And October?

Mr. ROUTSONG. October 15, 99,000, including the section 3 men who get supplies and training but do not get the maintenance pay.

AVERAGE COST PER TRAINEE.

The CHAIRMAN. Now, you substantially have 99,000 getting vocational training. What is the average cost per man per month?

Col. FORBES. The average cost I would say is $126.

The CHAIRMAN. $170.

Col. FORBES. $170 is the maximum to those having dependents.

The CHAIRMAN. How is the expense divided, and is the man who is being trained required to pay any part of the expense incurred out of what he gets?

Col. FORBES. Absolutely not; the Government pays him his vocational maintenance without any strings to it other than for his board and lodging if he is in one of the centers.

The CHAIRMAN. That is what I mean. He is required to pay his board and lodging out of what he gets?

Col. FORBES. Yes, sir.

The CHAIRMAN. How many men do you expect to have by the 30th of next June and what will be the average for the entire year?

Col. FORBES. On the basis of expectancy?

The CHAIRMAN. Yes.

Mr. ROUTSONG. 97,200. These are section 2 men.

The CHAIRMAN. You expect that many on the 30th of June?

Mr. ROUTSONG. Yes, sir.

The CHAIRMAN. What would be the average number for the year beginning the 1st of last July and ending the 30th of next June?

Mr. ROUTSONG. I think the average is about 93,700.

The CHAIRMAN. How do you get that?

Mr. ROUTSONG. I take it that you mean the average number of men monthly.

The CHAIRMAN. The average number of men for the year. For example, you have gone from 56,000 up to some ninety-odd thousand; you dropped from 90,000 and you have gone back again to 90,800, and you expect to get 97,500, or something like that, by the end of the year. Now, what would be the average number for the entire year and what will be the average cost? I want to know how you get at these figures.

Mr. ROUTSONG. The average number in training at any one time would be 93,798 or, say, 93,800, and the cost was figured——

The CHAIRMAN (interposing). At $110?

Mr. ROUTSONG. No, sir.

Col. FORBES. That was my statement, Mr. Chairman. The statistics here may differ from that somewhat.

Mr. ROUTSONG. It was estimated that the administrative cost would be about $10 per man per month and the direct training expense, including maintenance pay, books, tuition, etc., about $116——

The CHAIRMAN (interposing). We want the whole cost.

Col. FORBES. I did not give you that cost because I was going to give that under another head.

The CHAIRMAN. It is all a part of the vocational training, and we want to get the figures so we will understand them, because we are laymen.

Mr. ROUTSONG. It is estimated that it will cost $141,757,000 to take care of the number of men which I indicated to you through the year.

The CHAIRMAN. And an average of 93,000?

Mr. ROUTSONG. The average number will be about 93,800.

The CHAIRMAN. That would be $1,500 a man, would it not?

Mr. ROUTSONG. Per year; yes.

The CHAIRMAN. That would be an average of about $125 a month.

Mr. ROUTSONG. Yes; it was figured on the basis of $126, including the administrative expense and all.

The CHAIRMAN. You have had $65,000,000 and whatever unexpended balances came over from 1920 and 1921. Have you those figures?

Mr. ROUTSONG. There were practically no unobligated balances transferred, Mr. Chairman, and, furthermore, the $65,000,000 included $500,000 in the revolving fund which, of course, can not be disbursed.

The CHAIRMAN. That is a small amount, and we will say $65,000,000 and $77,257,000. That makes $142,000,000, and you said $141,-

000,000 a moment ago. That would be on the basis of $126 a month per man.

Mr. ROUTSONG. Yes, sir.

The CHAIRMAN. And there would be an average of 93,000 men for the year?

LENGTH OF TRAINING.

Mr. ROUTSONG. Ninety-three thousand eight hundred.

The CHAIRMAN. For how long a period is a man permitted to continue his vocational training? What is the limit?

Col. FORBES. A man can receive a college education.

The CHAIRMAN. You mean he can start in de novo?

Col. FORBES. He can receive a college education and complete a 4-year course; he can take placement training and continue until he becomes efficient in his work.

The CHAIRMAN. What do you mean by placement training?

Col. FORBES. Placement with the trades. Forty-one per cent of our vocational population is taking placement training in shops, etc.

PLACEMENT TRAINERS DRAWING ADDITIONAL PAY.

The CHAIRMAN. Are they permitted to draw any pay from the shop in which they are engaged or any pay other than that allowed them by the Government?

Col. FORBES. There has been no ruling against it, but we propose to make that deduction. I have a list of a great many men who are drawing on an average of $200 a month, their pay from the Government and their pay from the employer. In addition the Government is paying the employer to train the man; the man is productive to the employer, and that is why he is being paid. I had some new cases come in to-day where the men are receiving a like sum from the employers as they receive from the Government, some of them receiving as high as $325 a month.

The CHAIRMAN. A man who is able to earn $150 a month while he is being vocationally trained has been classed as in a state of disability?

Col. FORBES. He has been so classed in the past, but we are discontinuing that.

The CHAIRMAN. To what extent?

Col. FORBES. As rapidly as we can. It requires a check on all of these men.

The CHAIRMAN. How many men are now in training who draw pay from the concerns with which they are connected?

Col. FORBES. I should say 25 per cent.

The CHAIRMAN. Of the total?

Col. FORBES. Twenty-five per cent of the 41,000 that are taking placement training. That, however, is an approximate estimate.

The CHAIRMAN. And that is permissible under the law?

Col. FORBES. There is nothing in the act to prevent it.

The CHAIRMAN. It is purely an administrative function?

Col. FORBES. Yes, sir.

The CHAIRMAN. What is the tendency of the administration in dealing with questions of that sort?

Col. FORBES. My thought and my activity in this particular regard is to cut the difference, to allow him 15 per cent of what the employer pays him without affecting his Government status.

The CHAIRMAN. You mean, to have the Government pay the additional 15 per cent?

Col. FORBES. No; 15 per cent of what he receives from his employer.

The CHAIRMAN. Would that take any of these men out of training or would it simply lighten the burden on the employer?

Col. FORBES. It would take no one out of training and would not affect the amounts paid as wages by employers.

The CHAIRMAN. Would it be of any benefit to the Government or any disadvantage to the man?

Col. FORBES. It would benefit both.

The CHAIRMAN. In what way?

Col. FORBES. It would be an advantage to the man because he would receive a sum more commensurate with his needs and his earning capacity. Formerly he was actually encouraged to keep on the vocational roll because he received an amount in excess of his true earning capacity.

The CHAIRMAN. And what advantage would it be to the Government?

Col. FORBES. The Government would profit in two ways: First, it could report progress on men in placement training, which it has been unable to do before, and, second, some money would be saved.

The CHAIRMAN. In what way?

Col. FORBES. By deducting it.

The CHAIRMAN. You would deduct 15 per cent?

Col. FORBES. I would deduct all but 15 per cent.

The CHAIRMAN. And to the extent that you deducted it you would reduce the amount paid by the Government?

Col. FORBES. Yes, sir. Of course, there is a tendency on the part of some employers not to give you the information that they are paying the man, and frequently the man refuses to give you the information. I believe that the school program we are inaugurating is going to be an answer to that entire placement training.

SCHOOLS VOUCHERING FOR SERVICES NOT PERFORMED.

(See p. 308.)

The CHAIRMAN. Do you know of any cases where men are taking vocational training only in name?

Col. FORBES. Lots of them.

The CHAIRMAN. Give us a few cases.

Col. FORBES. I could not call the names to you.

The CHAIRMAN. I do not care about the names but give us a few illustrations.

Col. FORBES. Well, take the Berkeley Pre-Vocational School; they have vouchered us for services——

Mr. GALLIVAN (interposing). In Boston, by the way?

Col. FORBES. Yes. They have vouchered us for services they did not render.

The CHAIRMAN. Do you pay when they voucher in that way?

Col. FORBES. No, sir; not if we know it, and we have been able to get track of them in many instances. We are having all of these

schools investigated. The men, in many cases, absent themselves from their employment, and repeatedly people have vouchered the Government for a man's attendance when he really has not been there.

The CHAIRMAN. I would not think that such a man comes within the spirit of the act, because he is not really taking the training for which the Government is authorizing an expenditure.

EXTRAVAGANT WASTE IN VOCATIONAL TRAINING.

(See p. 304.)

Col. FORBES. There are a great many men who are taking this training determined to rehabilitate themselves and become useful, but in the great speed in which they attempted to get men into vocational training, there was a great lack of proper administrative thought; there was a lack of business application; and, in fact, the entire vocational program, as I reviewed it after having the organization come over to me, satisfied me that there had been a great deal of carelessness, willful carelessness, in that particular arm of the Government.

The CHAIRMAN. Have you any idea what that carelessness cost the Government, without doing any good to the men?

Col. FORBES. How much it cost?

The CHAIRMAN. Yes.

Col. FORBES. A couple of hundred million, roughly speaking.

The CHAIRMAN. Is there any attempt now being made to curtail that expense without curtailing the right of the men to proper training, where they are justified in expecting it?

Col. FORBES. There is.

The CHAIRMAN. To what extent have you succeeded?

Col. FORBES. We are succeeding very well in this work by first finding the class of training for the man that he is best suited to do and placing him in such a place where we know he will be properly supervised.

The CHAIRMAN. But the question I asked, Colonel, was this: To what extent have you been able to reduce this unjustifiable cost of $200,000,000?

Col. FORBES. When the Sweet bill passed we stated that it would cost $14,000,000 more a year to operate under it than it did before, but we find now—at least, we are quite sure and hopeful—that we are going to operate the bureau without that additional cost.

The CHAIRMAN. If $200,000,000 has been squandered in this way, without any beneficial effect to anybody, how much of it are we going to cut out?

Col. FORBES. I might explain that when I say $200,000,000 it means misplacement of men, failure to rehabilitate the thousands of men who have been put in training, purchases of unnecessary property, leasing of property, administration, and equipping at the Government's expense institutions that are operated by private concerns in which outside students are working on the machines paid for by the Government.

The CHAIRMAN. What do you mean by outside students?

Col. FORBES. Students other than Government beneficiaries.

The CHAIRMAN. The thing I am interested in finding out about is this: What definite information can you convey to the committee as to the result of any systematic effort you may have made to curtail unjustifiable expenditures, to what extent are you succeeding and how much has definitely been saved by the plan you put into operation, and if not much, on account of the short time you have been operating, what is the prospect?

Col. FORBES. Closing the schools of the mushroom type, reviewing contracts carefully by consultation under the terms of the Sweet bill, regular inspections of schools and regular follow up of men in training, making deductions in vocational pay where there is obvious overpayment, and taking men off of the pay roll who have been carried after they have been rehabilitated.

The CHAIRMAN. I do not think you get what I am asking you; you do not seem to catch what I am trying to get at at all. What I want to know is whether you have any systematic plan in force that will enable you from day to day or from month to month to make a concrete statement of the number of men eliminated that are unjustly causing this expenditure and the amount that is involved in the saving, so that you can make a statement to us in a definite, clear, and concise form from month to month or day to day?

DEFICIT.

Col. FORBES. It is very difficult, Mr. Chairman, to make a statement that would cover a saving from day to day or month to month, other than to say this, that the Federal board brought a deficit to us of $97,000,000, and we are asking for $77,000,000, which is a very good saving, I should say.

The CHAIRMAN. Do you mean to say they had a deficit when they came under your control?

Col. FORBES. They estimated that under their administration, they would incur a deficit of $97,000,000 this year.

The CHAIRMAN. What did that deficit consist of? Was it an actual obligation of bills due and to be paid?

Col. FORBES. It was for all of their obligations.

The CHAIRMAN. What do they consist of and in what way were they made?

Col. FORBES. They consisted of lease payments, instruction, purchases, and for equipment and maintenance pay due to the increased population taking vocational training.

The CHAIRMAN. If there was a deficit, there must have been an obligation, and if there was an obligation, how do you avoid the payment of it by reducing it from $97,000,000 to $77,000,000?

Col. FORBES. That was for the balance of the fiscal year.

Mr. ROUTSONG. Col. Forbes is discussing now the estimated requirements as calculated by the Federal board as against his estimate of requirements for the same services for this year.

The CHAIRMAN. He did not say that.

Mr. SISSON. Then it is not a deficit?

Mr. ROUTSONG. The deficit, of course, is a potential deficit or a deficiency.

The CHAIRMAN. That is a different proposition.

Mr. BYRNS. Col. Forbes, I understood you to say a while ago that there had been a loss of $200,000,000 due to carelessness, I believe you said, with reference to vocational training?

Col. FORBES. I think there has been squandered a great deal of money that would sum up very handsomely.

Mr. BYRNS. I have just been figuring the appropriations, and including the appropriation for 1922, there has never been over $219,000,000 appropriated.

Col. FORBES. At the outset of this work they were very reckless in their expenditures. I did not state definitely that there was $200,000,000 squandered. I said casually that there was a large amount of money squandered.

Mr. BYRNS. The total appropriations up to date, including the appropriation for this pending fiscal year which will expire June 30, amount to $219,000,000.

Col. FORBES. To illustrate my point, when I say $200,000,000, and I will agree that it is a goodly sum, we find that 6,000 men only have been supposedly rehabilitated, and I want to state——

The CHAIRMAN (interposing). And they are off the pay roll now?

Col. FORBES. They are off the pay roll, and I want to state that I do not believe that 20 per cent of the entire 6,000 are engaged in the work they were trained for. So I say that money was squandered. If a man is not following the capacity he was trained for at Government expense——

Mr. SISSON (interposing). That would be true of all the boys that would go to school.

Col. FORBES. Then the men should not have been assigned for that training.

Mr. BYRNS. Colonel, a part of this loss to which you have just referred might result from economic conditions, might it not; in other words, we have had a great depression in all the industries of the country with a large number of men out of employment.

Col. FORBES. That is true both as to applicants for compensation and applicants for vocational training. Yes; the industrial unrest has a great deal to do with our increasing claims.

Mr. BYRNS. But I was speaking particularly of this loss. I have been unable to understand how there could be anything like that amount of loss in view of the fact that the appropriations up until July 1 last were only $148,000,000 for vocational training, and we are now just beginning on the expenditure of the $65,000,000 which was appropriated.

Col. FORBES. Suppose I am $50,000,000 off there, of course it would require an analysis of this whole situation to give you the exact amount that I consider is a loss.

Mr. BYRNS. That in itself would mean that all the money that has been expended prior to July 1 has been lost?

Col. FORBES. Well, I will tell you frankly what I believe about it. I believe the most of it has been lost.

Mr. BYRNS. I just wanted to understand exactly your position with reference to what has been done in the past.

Col. FORBES. I think that regarding our men who are in universities and who are taking courses in accredited schools, the money has been well spent there.

AVERAGE LENGTH OF TIME FOR TRAINING.

Mr. GALLIVAN. Colonel, as yet you have not answered the chairman's question. He tried to get you to make a statement as to the average length of time this vocational training is given.

Col. FORBES. You had not put that question to me yet, had you, Mr. Chairman?

The CHAIRMAN. Yes; I asked you how long it was possible for a man to stay in training, and you answered that by saying four years.

Mr. GALLIVAN. Then we tried to get the average. Of course that would be the maximum. What is the average?

Col. FORBES. Twenty-two months.

NUMBER OF MEN REHABILITATED FROM TOTAL ENTERED IN TRAINING.

Mr. GALLIVAN. Now, you said there were 100,000 men approximately who are getting training, and that there are 400,000 men eligible, and you said that the peak would be reached in June next of approximately 100,000 or 97,000?

Col. FORBES. My statement was not regarding vocational training but the peak of our hospitalization.

Mr. GALLIVAN. No; I am speaking about vocational training. You figured 97,000 for next June.

Col. FORBES. That will not be the peak by any means.

Mr. GALLIVAN. What will be the peak?

Col. FORBES. I would not venture to say.

Mr. GALLIVAN. What I want to know is, what will become of the 400,000 men who are eligible?

Col. FORBES. They are going to get their training. They will get their training.

Mr. KELLEY. It might help, if you would state to the committee, with an average of 97,000 men in training, how many will pass through during the course of the year?

Mr. GALLIVAN. Yes; exactly.

Col. FORBES. What our turnover will be, so to speak?

Mr. GALLIVAN. Yes; what is the turnover?

Mr. ROUTSONG. That very question is what the Colonel has in the back of his head as regards this wasted money; that is, out of a total of 128,000 who have entered training only 6,000 have been turned out as rehabilitated.

Mr. KELLEY. What has become of the rest of them?

Col. FORBES. Approximately 3,000 have discontinued, 3,000 are deceased, 99,000 still in training, and 17,000 have found they can not pursue their studies and are put on a compensation status or sent to a hospital.

Mr. KELLEY. Of course, there are not so very many of those because you only have 35,000 in the hospitals.

Col. FORBES. But they are on a compensation status where there are no hospitals, and receive their compensation.

CLASSIFICATION OF ELIGIBLES FOR ASSIGNMENT.

Mr. ROUTSONG. I can give you an analysis of how we classify the total eligible for assignment of 254,000 as of the middle of October, if you would like to have it, Mr. Chairman.

The CHAIRMAN. We would like to have that.

Mr. ROUTSONG. This is as of October 15: In training, 99,000; training discontinued, 3,000; training interrupted—and Col. Forbes mentioned those who go back to a compensation status or hospitalization—17,000.

Mr. GALLIVAN. They do not go back to the hospitals?

Mr. ROUTSONG. Not all of them, but this figure includes those. Deceased, 3,000; completed training, 6,000; in process of induction, 53,000; training deferred, 46,000; training declined, 27,000. The following figures show the situation in detail by districts as of October 15.

Mr. SISSON. What do you mean by training declined—that the training is offered to the boys and they declined to accept it?

Mr. ROUTSONG. They did not accept training.

The CHAIRMAN. In reference to training deferred, I understood there were 400,000 cases deferred, and you now say only 46,000.

Mr. ROUTSONG. Where training has been deferred it has been at the request of the man.

Col. FORBES. At a recent conference of all the districts managers, we asked the vocational officers who came from the board to state the number of men applying for training, and they stated to us the number, as stated here, 440,000.

The CHAIRMAN. How do they ascertain that?

Col. FORBES. From their records.

Mr. GALLIVAN. Is not the training of the 400,000 men deferred, as the chairman suggested?

The CHAIRMAN. If they are eligible it is deferred, and if it has been determined they are eligible, that must have been determined by some process.

Col. FORBES. Any man receiving compensation is eligible for training.

The CHAIRMAN. But if he has not made application for it, of course, it would not be deferred.

Col. FORBES. His would be a potential case.

Mr. GALLIVAN. He is qualified by virtue of his disability.

The CHAIRMAN. But suppose he does not ask for it, are you in position to compel him to take it whether he asks for it or not?

Col. FORBES. No; and we do not attempt to do that.

The CHAIRMAN. Then he is not on the deferred list?

ANALYSIS OF TOTAL NUMBER OF MEN REGISTERED FOR TRAINING.

Mr. ROUTSONG. I can give you an analysis, if you like, of this total of 440,000 who have been registered for vocational training, and that is the number you have in mind.

Condition report as of Oct. 15, 1921—Summary.

District No.	Pending eligibility.	Dropped after investigation.	Eligible unassigned.	Eligible assigned.	Net registration.	Total in process of induction.	Total declined.
1	734	5,299	2,706	17,121	25,860	3,675	1,125
2	2,619	13,931	8,192	27,776	52,518	5,116	2,924
3	1,536	20,075	1,136	20,608	43,355	3,136	1,747
4	1,272	7,227	5,507	10,295	24,301	1,600	518
5	1,502	13,667	3,975	17,803	36,947	3,576	2,462
6	2,896	12,642	1,341	11,230	28,109	2,107	947
7	534	8,071	57	33,973	42,635	9,429	4,269
8	9,200	14,075	5,086	32,664	61,025	12,197	2,540
9	3,331	7,689	667	25,034	36,721	5,453	2,990
10	260	4,674	975	12,831	18,740	705	3,542
11	203	2,292	455	11,439	14,389	1,244	499
12	1,524	4,289	634	12,773	19,220	2,076	372
13	327	2,689	333	7,492	10,841	895	1,218
14	678	11,332	814	12,500	25,324	1,922	1,403
15	5	7	9	443	464	38	29
Total	26,621	127,959	31,887	253,982	440,449	53,169	26,585

District No.	Total deferred.	In training.	Training interrupted.	Rehabilitation and compensation.	Discontinued.	Deceased.	Entered training.
1	1,545	8,912	1,263	371	62	146	10,754
2	3,455	12,700	2,002	823	384	164	16,073
3	3,742	9,579	1,362	344	217	193	11,695
4	1,673	4,923	997	417	84	83	6,504
5	3,437	6,583	1,234	323	43	145	8,328
6	745	6,374	721	204	43	89	7,431
7	8,632	8,571	1,662	626	266	253	11,378
8	3,980	10,476	1,803	737	692	221	13,929
9	6,854	7,714	1,249	596	77	144	9,780
10	1,715	5,450	717	324	162	216	6,869
11	3,230	4,573	1,206	235	101	351	6,466
12	2,269	6,075	1,071	268	148	134	7,696
13	1,123	2,948	664	524	69	44	4,249
14	2,807	4,386	1,063	655	140	124	6,368
15	61	206	57	20	25	7	315
Total	45,628	99,470	17,071	6,467	2,513	2,314	127,835

The CHAIRMAN. Being registered is one thing and qualifying is quite another. They are two different propositions.

Mr. KELLEY. In one case they are qualified and desire it both.

Col. FORBES. And they may be qualified and not desire it.

Mr. KELLEY. That means those who are qualified and who desire it also.

Mr. ROUTSONG. This is an analysis of the 440,000 who have been registered by the Vocational Board and since the formation of the Veterans' Bureau up to October 15.

Mr. SISSON. Tell me just what does that registration mean?

Mr. ROUTSONG. Registration for training means the act of making an application for training in writing, whether by informal letter or by filling out forms provided by the bureau. I will tell you just what are included in that number. Declared eligible, 285,000 which includes 254,000 assigned to suboffices, and unassigned to suboffices, 31,000; declared ineligible, 128,000; and pending eligibility (that is, it has not been decided), 27,000.

NUMBER OF TRAINEES UNASSIGNED.

Mr. BYRNS. Then you only have 31,000 who have applied and have been declared qualified and eligible who have not been assigned at this time?

Mr. ROUTSONG. That is the part you were interested in, 31,000 unassigned to suboffices. There are no trainees declared eligible and feasible for training that have not entered. The 31,000 eligible unassigned are men eligible but not feasible at this time because of their mental or physical condition.

The CHAIRMAN. So it is not 440,000, but 31,000?

Mr. ROUTSONG. Four hundred and forty thousand is the total registration. In other words, these men have gone out, and, as I understand it, in some instances have solicited business, and this is the result of their solicitation.

The CHAIRMAN. You mean to say that you have men in your organization who go out and try to induce a man to take vocational training whether he wants it or not, and you make a register of such men and that shows 440,000 men? Why do you not wait until they come in and ask for it?

Col. FORBES. We have stopped that. That has been done in the past.

Mr. KELLEY. The 285,000 you give, plus the 128,000, makes the 440,000 which you originally gave as eligible?

Col. FORBES. To this should be added 27,000 whose eligibility is undetermined, which makes a total of 440,000 registered for training.

Mr. KELLEY. And if you had the facilities the 285,000 would desire training at once; is that the proposition?

Col. FORBES. Yes; 285,000 have been declared eligible; but out of this number the doctors have approved only 128,000 as feasible from their standpoint.

Mr. KELLEY. I think that is what Mr. Gallivan is getting at.

Mr. GALLIVAN. That is just exactly what I am getting at.

The CHAIRMAN. Of the 31,000 who have applied and have been passed on as eligible and qualified, how rapidly are you absorbing them into the vocational training work?

Col. FORBES. Just as fast as we can make the contracts with the schools and the men become feasible. The 31,000 to whom you refer are eligible but not feasible for training, due to mental and physical conditions.

The CHAIRMAN. That does not answer the question. We want to know definitely how many per month or how many per week.

Col. FORBES. About 4,000 a month, net.

The CHAIRMAN. And how rapidly are you completing the course of training to which these men are assigned, how many are you turning out a month?

Col. FORBES. We have only rehabilitated 6,000 so far.

The CHAIRMAN. How long has the work been in progress?

Col. FORBES. Since June, 1918.

The CHAIRMAN. If you are taking in 4,000 a month and have only turned out 6,000 in three years, what has become of the rest?

Col. FORBES. Ninety-nine thousand are in training, 3,000 discontinued training, 3,000 are deceased, and 17,000 have had their training interrupted.

Mr. GALLIVAN. Does that mean that the man who might be the thirty-one thousandth man on the list will have to wait eight months before he is absorbed?

The CHAIRMAN. Yes; it surely means that, and it may mean longer than that, because if they have only turned out 6,000 of all the thousands they have put in training in the last three years you can understand how long it will take to reach them all.

Mr. KELLEY. I judge, Mr. Chairman, the graduation will increase now, because the appropriations were very small at first.

Mr. SISSON. Yes; and they are finishing up the course, and the persistent ones in training would stay four years.

Col. FORBES. It must be borne in mind that we have only taken this bureau over about 10 weeks ago, and one of the first things I did and am doing is to make a complete review of the entire situation. It will be the bureau's policy to learn by personal contact with a man the status of his training, his progress, and to determine promptly when he has had adequate training as provided in the rehabilitation act.

The CHAIRMAN. You do not undertake to do all of that yourself, do you, Colonel?

Col. FORBES. I have done a lot of it myself.

The CHAIRMAN. If you undertake to do it all yourself, of course, we will never get through with the job, because there are so many of them.

Col. FORBES. I do not believe I will ever get through with the job.

Mr. KELLEY. Suppose we put the chairman's question in this way: How many did you graduate, so to speak, during the month of September?

Col. FORBES. We can get those figures for you.

Mr. ROUTSONG. The last monthly figure of those actually rehabilitated was 298.

The CHAIRMAN. When was that?

Mr. ROUTSONG. That was for the month of September of this year.

The CHAIRMAN. What was it for the month of August?

Mr. ROUTSONG. Three hundred and fifty.

The CHAIRMAN. I wish you would give us the number of men who have gone in month by month since the law became effective in 1918; the number of men who have gone out month by month since 1918; and how many of those who went out were graduated, how many went back into hospitals, how many of them quit the training and have gone to places you do not know about, and how many are still in training?

Col. FORBES. The following is a summary of vocational rehabilitation activities covering the men who entered training since organization. The second table here submitted shows the number of men completing training by months from November 1, 1918, to October 1, 1921.

Schedule showing men in training under the vocational rehabilitation act, as of Oct. 1, 1921.

Date.	Entered.	Total entered.	Total in training.	Completed or discontinued.	Total completed or discontinued.
Up to Dec. 1, 1918	.....	35	32	3	3
Dec. 1, 1918, to Jan. 1, 1919	30	65	59	6	9
Jan. 1 to Feb. 1, 1919	425	490	475	6	15
Feb. 1 to Mar. 1, 1919	420	910	886	9	24
Mar. 1 to Apr. 1, 1919	485	1,395	1,349	22	46
Apr. 1 to May 1, 1919	684	2,079	1,980	53	99
May 1 to June 1, 1919	635	2,714	2,489	126	225
June 1 to July 1, 1919	892	3,606	3,192	189	414
July 1 to Aug. 1, 1919	1,545	5,151	4,517	220	634
Aug. 1 to Sept. 1, 1919	2,617	7,768	6,772	362	996
Sept. 1 to Oct. 1, 1919	2,865	10,633	9,348	289	1,285
Oct. 1 to Nov. 1, 1919	6,195	16,828	15,227	316	1,601
Nov. 1 to Dec. 1, 1919	4,196	21,024	19,085	338	1,939
Dec. 1, 1919, to Jan. 1, 1920	2,858	23,882	21,537	406	2,345
Jan. 1 to Feb. 1, 1920	3,483	27,365	24,563	457	2,802
Feb. 1 to Mar. 1, 1920	2,648	30,013	26,991	220	3,022
Mar. 1 to Apr. 1 1920	4,149	34,162	30,962	178	3,200
Apr. 1 to May 1, 1920	3,764	37,926	33,650	1,076	4,276
May 1 to June 1, 1920	4,902	42,828	36,943	1,609	5,885
June 1 to July 1, 1920	3,586	46,414	38,797	1,732	7,617
July 1 to Aug. 1, 1920	3,421	49,835	40,666	1,552	9,169
Aug. 1 to Sept. 1, 1920	3,691	53,526	43,782	575	9,744
Sept. 1 to Oct. 1, 1920	3,527	57,053	45,897	1,412	11,156
Oct. 1 to Nov. 1, 1920	7,393	64,446	52,194	1,096	12,252
Nov. 1 to Dec. 1, 1920	4,391	68,837	56,360	225	12,477
Dec. 1 to Jan. 1, 1921	4,108	72,945	59,649	819	13,296
Jan. 1 to Feb. 1, 1921	6,367	79,312	65,843	173	13,469
Feb. 1 to Mar. 1, 1921	6,221	85,533	71,147	917	14,386
Mar. 1 to Apr. 1, 1921	6,533	92,066	77,723	−43	14,343
Apr. 1 to May 1, 1921	5,579	97,645	80,066	3,236	17,579
May 1 to June 1, 1921	5,416	103,061	83,504	1,978	19,557
June 1 to July 1, 1921	5,436	108,497	85,338	3,602	23,159
July 1 to Aug. 1, 1921	5,128	113,625	87,848	2,618	25,777
Aug. 1 to Sept. 1, 1921	4,856	118,481	90,639	2,065	27,842
Sept. 1 to Oct. 1, 1921	5,490	123,971	96,001	128	27,970

Rehabilitated and completed.

Date.	Monthly.	Total.	Date.	Monthly.	Total.
Up to Nov. 1, 1920	1,824	1,824	Apr. 1 to May 1, 1921	581	3,991
Nov. 1 to Dec. 1, 1920	450	2,274	May 1 to June 1, 1921	300	4,291
Dec. 1, 1920, to Jan. 1, 1921	161	2,435	June 1 to July 1, 1921	759	5,050
Jan. 1 to Feb. 1, 1921	263	2,698	July 1 to Aug. 1, 1921	486	5,536
Feb. 1 to Mar. 1, 1921	296	2,994	Aug. 1 to Sept. 1, 1921	350	5,886
Mar. 1 to Apr. 1, 1921	416	3,410	Sept. 1 to Oct. 1, 1921	298	6,184

The CHAIRMAN. Of the $141,000,000 or $142,000,000 you say will be necessary for vocational training, which is included not only in the $77,000,000 you ask now, but in the $65,000,000 appropriated in the prior act, how much has and will be paid out in allowances; how much in salaries to instructors; how much for tuition, stating the institutions to which the tuition has been paid; how much for equipment; and how much has been paid, if anything, to industries in which training has been given to men; and how much for the overhead in connection with the determination of the qualifications of the men for the training, so we will know exactly what this $141,000,000 or $142,000,000 means?

Col. FORBES. We have a good deal of that data here, but I think we had better make it complete from 1918, and I will insert that in the record. It is a very unfortunate thing that the Government has

been compelled to pay more for a trainee than what they charge to a regular student.

The CHAIRMAN. Assuming that the Vocational Board, which went out of existence, brought you a deficit, as you have stated, of $97,000,000, and you are only asking now for $77,000,000, how do you provide for the difference between the amount of $97,000,000 and the $77,000,000, a difference of $20,000,000? Do you provide for its payment or its cancellation, or do you provide for a saving of the difference between those two figures?

Col. FORBES. It is believed that the steps we are now taking, as I explained, together with a careful administration of the act, will effect this substantial saving.

Mr. KELLEY. My understanding was that the $162,000,000 was their estimate of what would be required for the current year.

Col. FORBES. I might state how that was arrived at. As soon as the Rehabilitation Division of the Federal Board came over to me the first thing I asked them was about their financial condition, and they reported to me then that they had a deficit of $97,000,000.

Mr. KELLEY. When did you take the bureau over?

Col. FORBES. On the 9th day of August.

Mr. KELLEY. And they thought their deficit would be $97,000,000 and you figure your deficit will be $77,000,000?

Col. FORBES. Yes.

The CHAIRMAN. If $200,000,000 or its value has been squandered by inefficient management in the vocational training of the soldiers who were entitled to training, in what way was it squandered, and how much of it went to different sources that were not justified?

Col. FORBES. I would like, with your permission, Mr. Chairman, to withdraw the sum I mentioned if it was $200,000,000. I will give you a statement of the expenditures incurred for the purpose of rehabilitating disabled veterans of the late war. They total more than $157,000,000. They include nearly $2,000,000 for training supplies, $800,000 in salaries to teachers and instructors, nearly $11,000,000 for tuition, $45,000 for school rentals, $1,130,000 for school equipment which was bought by the Government and turned over to schools having trainees, for their use. The overhead or administrative cost involved was more than $18,000,000. The thing I had in mind when I said millions were wasted, was the results or benefits to the men in comparison with the cost to the Government. The amounts appropriated for vocational rehabilitation were not intended to take the place of compensation which is provided for in other appropriations. They were intended to educate disabled men and that, it seems to me, is the yardstick by which the value received from the amounts spent must be measured. Theresults to date have been negligible, and that is why I said there had been waste. A summary analysis of all expenditures is as follows:

Total expenditures of vocational rehabilitation since organization to Aug. 31, 1921.

Administrative expense:	
Drayage	$11,590.08
Freight and express	75,098.04
Heat, light, power, and water	19,062.10
Job employees	12,672.67

Administrative expense—Continued.	
Miscellaneous	$279, 222. 24
Office equipment	692, 866. 66
Office supplies	357, 165. 01
Postage and box rent	21, 359. 12
Printing	463, 663. 72
Rent	762, 257. 58
Rental, miscellaneous	22, 990. 25
Retirement fund, fiscal year 1921	90, 646. 26
Salaries	13, 892, 956. 78
Subsistence	620, 705. 36
Telephone and telegraph	138, 175. 38
Travel	637, 874. 50
Repairs and renewals	5, 186. 82
Building repairs and alterations	9, 765. 72
Total	18, 113, 158. 29
Direct expense:	
Allowance	121, 268, 968. 45
Rent	43, 007. 82
Instructors	128, 403. 13
Rental, miscellaneous	1, 335. 37
Job employees	4, 068. 81
Medical attention	166, 349. 22
Medical examinations	74, 840. 00
Medical supplies	16, 322. 87
Miscellaneous	109, 102. 76
Subsistence	409, 425. 04
Training supplies	1, 987, 971. 13
Travel	1, 100, 408. 19
Tuition	10, 843, 270. 93
Institutional equipment	1, 131, 511. 96
Construction labor, building supplies	75, 661. 72
Teachers' salaries	584, 374. 35
Heat, light, power, and water	976. 60
Total	137, 945, 998. 35
Other items:	
Budget to disbursing officer at Seattle	1, 152, 045. 00
Payments made for lost checks	5, 841. 22
Transfer of funds	2. 66
Total	1, 157, 888. 88
Grand total	157, 217, 045. 52

EXTRAVAGANT WASTE IN VOCATIONAL TRAINING.

(See p. 294.)

Mr. BYRNS. Of course, Colonel, I think this should be borne in mind when you come to make the charge against vocational training and that is that every one of these men, of course, received allowances which go to make up the expense of vocational training. Now, if they had not gone into training, they all would have been receiving compensation.

Col. FORBES. Yes; but they receive more this way to pay the expense involved in their education. There are instances where men whose disabilities entitle them to $8 monthly compensation, receive $170 per month for training.

Mr. BYRNS. I understand that, but the compensation which was paid in varying amounts to the number of men who were in training would amount to a considerable sum.

Col. FORBES. The training feature of it, I do not consider as being ill spent, because if it was, it was not the man's fault, it was the fault of the bureau.

Mr. BYRNS. The point I was trying to make, if you will allow me to repeat it, was that it is hardly fair to say that that has been a total loss to the Government for this reason: Even if the training did not amount to a thing to any one soldier, the Government nevertheless would have been involved to a certain extent, amounting to quite a number of million dollars in paying compensation to these men if they had not gone into training.

Col. FORBES. Yes; but you do not believe that if $100,000,000 has been ill advisedly allotted to men for vocational training, and the training has not been fruitful to the men, the money was squandered?

Mr. BYRNS. Undoubtedly, and that would be true if it was $500,000 or $100,000, so far as that is concerned.

Mr. SISSON. And that is going to be true of a great number of men, I do not care who is at the head of this institution, because the fault is frequently with the man himself.

TOTAL DECLARED ELIGIBLE FOR TRAINING.

Mr. KELLEY. I want to clear up in my own mind the matter of this eligible list. I think, Colonel, that you gave 400,000 as the eligible number?

Col. FORBES. The total number making application for training was 440,000.

Mr. KELLEY. Then later his assistant made that 285,000, in round numbers, with a deduction of 128,000——

Col. FORBES (interposing). Two hundred and eighty-five thousand; yes, sir. Those have been declared eligible.

Mr. KELLEY. I wish you would put in a statement showing exactly what that 285,000 includes.

Col. FORBES (reading):

Total declared eligible for training	285,000
Eligible unassigned to local offices (training not feasible, due to mental or physical condition)	31,000
In process of induction (eligible assigned to local offices, will enter training as soon as mentally and physically feasible)	53,000
Declined training	27,000
Deferred training (the man has signified a desire to defer his training)	46,000
Entered training	128,000

Mr. KELLEY. Why do you call that the eligible list?

Col. FORBES. The vocational authorities have passed on that number of men, and have declared them eligible for training.

Mr. KELLEY. Have they taken the physical examination to determine if they are at least 10 per cent deficient?

Col. FORBES. Yes, sir.

Mr. KELLEY. But you would not say that that many are knocking at the door for admission to training?

Col. FORBES. Yes, sir.

Mr. KELLEY. That is, the 33,000——

Col. FORBES. The unassigned for training number 31,000. These 31,000 are not awaiting training. That is, the Veterans' Bureau has discharged their liability in declaring the men eligible and as soon as their mental and physical condition permits they will be placed in training.

Mr. KELLEY. What is the distinction between those numbers?

Col. FORBES. Those declared eligible have established their vocational handicap and traced the disability to service. Two hundred and eighty-five thousand have been declared eligible. Thirty-one thousand of this number are in such mental or physical condition that they have not been assigned to the suboffices and are not feasible for training. Where their mental and physical condition improves to such an extent that they can profit by training, they will be assigned to suboffices and placed in training. Two hundred and fifty-four thousand have been assigned to suboffices and 128,000 of the 254,000 have been placed in training. Fifty-three thousand one hundred and sixty-nine are in process of induction, which means that they are not feasible for training, but are in better mental and physical condition than the eligible unassigned and have been assigned to suboffices and as soon as they are feasible will be placed in training. Twenty-seven thousand have declined training after being declared eligible and feasible, and 46,000 have deferred their training.

Mr. KELLEY. So that, according to this table, there would not be 400,000 awaiting training?

Col. FORBES. No, sir.

The CHAIRMAN. According to the statement made a while ago, there were only 31,000 awaiting training that had been definitely assigned to it.

Col. FORBES. That is essentially correct. There are 31,000 awaiting assignment to a suboffice, which will be done as soon as their mental and physical conditions permit.

The CHAIRMAN. The rest of them have not made application?

Mr. KELLEY. Are they examined before they make application? Would they not be examined physically to determine their disability before making application for training?

Col. FORBES. No, sir. There are 440,000 who have registered for vocational training who are examined after making application to determine their eligibility, and of that number 285,000 have been declared eligible for it, and 128,000 have been dropped after investigation, leaving 27,000 pending eligibility.

The CHAIRMAN. And have passed the examination?

Col. FORBES. Twenty-seven thousand have not been examined for training. Out of the 285,000 declared eligible we have assigned to suboffices 254,000, leaving that unassigned allotment of men numbering 31,000.

The CHAIRMAN. Do you mean to say that 254,000 are really taking training now?

Col. FORBES. Two hundred and fifty-four thousand assigned to suboffices. Out of this number, 128,000 have entered training, 46,000 have deferred their training, 27,000 have declined, 53,000 are in process of induction, which means that the bureau has done as much as it can do, and the next step depends on the man, his physical and mental condition, also his desires relative to training.

The CHAIRMAN. They have been assigned, but have not gone through any sort of training. You have 6,000 graduated out of these 254,000?

Col. FORBES. Yes, sir. Of 254,000 assigned to suboffices, only 128,000 have entered training. Of this number, 6,000 have completed it.

The CHAIRMAN. That answers the question I asked some time ago.

Col. FORBES. Can we not have longer than to-morrow in which to furnish all that information? We must go through the files of the Vocational Board to get it.

The CHAIRMAN. The hearing will be sent to you for revision, and you can make up your tables and insert them in the record when you come to revise it.

NUMBER OF OVERSEAS MEN.

Mr. SISSON. Will you put in the record a statement showing the number that went overseas of that 400,000?

Col. FORBES. It is estimated at 85 per cent. Those who entered training are distributed as follows, according to branch of service:

Private, Army	97,368	Nurse	288
Private, Navy	9,431	Depot brigades	2,016
Private, Marine	3,527	Others	1,440
Officer, Army	13,318		
Officer, Navy	324	Total	128,000
Officer, marine	288		

Mr. BYRNS. Suppose a man elects to take a certain kind of training, we will say bookkeeping or something else on the commercial line, and after he receives that training, he applies for something else, or for training in some profession, what would be your action with reference to that sort of case? Would you permit him after he has taken one training for which he applied, or which he elected in the beginning to take, to change his mind and apply for another kind of training?

Col. FORBES. Only in extreme cases would we permit that, but we have a great many trainees who have had 7, 8, 9, or 10 changes in their training.

Mr. BYRNS. That is not being permitted now except in extreme cases?

Col. FORBES. No, sir.

Mr. KELLEY. You stated that there were 285,000 boys eligible who have taken physical examination and have shown an inclination or desire to take this training?

Col. FORBES. Yes, sir.

Mr. KELLEY. And of that number 254,000 have already been admitted?

Col. FORBES. Assigned to suboffices.

Mr. KELLEY. That means that they have gone in somewhere?

Col. FORBES. 128,000 of this number have entered training. The others are classified as in process of induction, declined, and deferred, as previously explained.

Mr. KELLEY. Leaving a balance of 31,000 who have not yet been assigned?

Col. FORBES. 31,000 men are eligible for training, but training is not feasible and the men have not been assigned to local offices.

Mr. KELLEY. And those are the ones you are seeking to take care of by this increased appropriation?

Col. FORBES. No, sir; we are making new assignments every day.

Mr. ROUTSONG. New men are being assigned every day. The fact that the Sweet bill passed and the fact that the Veterans' Bureau is being decentralized has had the effect of advertising this work a great deal, so that there are really more applications for vocational training coming in per day now than were ever received before.

TOTAL NUMBER DECLARED INELIGIBLE FOR TRAINING.

Mr. KELLEY. There are 128,000 remaining?

Col. FORBES. There were 128,000 who were declared ineligible.

Mr. KELLEY. They are ineligible?

Col. FORBES. Yes, sir.

Mr. KELLEY. Have you any idea how many boys are in service who would be eligible for training?

Mr. GALLIVAN. The colonel said 400,000.

Col. FORBES. Of course there will be a great many more than that, because we will have more applications for training than we will have for compensation.

Mr. KELLEY. How many do you think you will have, from what experience you have had?

Col. FORBES. Do you mean what would be the peak of vocational training?

Mr. KELLEY. I mean the entire number of boys from the beginning who would have at least a 10 per cent disability.

Col. FORBES. That is a difficult question to answer.

Mr. KELLEY. You have not figured it out, and probably an offhand judgment——

Col. FORBES (interposing). It would not avail very much.

The CHAIRMAN. Have you any notion as to what the maximum facilities for training in the country are?

Col. FORBES. Yes, sir; we have a list of all the institutions in every district.

The CHAIRMAN. And the facilities that are being utilized? We would like to know what they are.

Col. FORBES. Yes, sir; we can give you that. I will submit a list of all of them.

SCHOOLS VOUCHERING FOR SERVICES NOT PERFORMED.

(See p. 293.)

Mr. CANNON. I understood you to say that the training given in some of the universities was not square or was not all right, and that there was much training of that kind before you came in. I would like to have you refer to that further in your statement. I do not know that you would want to call names, and I will leave that to your discretion, but I would like to know about how many such cases there were.

Col. FORBES. We have disposed of about 35 or 40 contracts already with such schools.

Mr. CANNON. Then you can give us the information we want in regard to that, and you can state how many there were.

Col. FORBES. We are now making a careful survey of every contract, and I would appreciate having this committee look over them.

Mr. CANNON. You said that in many instances they drew from the Government the compensation that was intended to go to those people who got the vocational training, and that many of them, or some of them, went to work and received pay from the people who were being paid by the Government.

Col. FORBES. To train them—that is correct.

Mr. CANNON. I wish you would cover that ground in the course of your statement, and I would like to know when all of those things happened.

Col. FORBES. No comprehensive record was kept by the Federal board, and at present we know about only isolated cases where information was volunteered or where we investigated.

Mr. CANNON. If anybody is to blame for it, we would like to know about that. Then I understood you to say also that many of those men who received training and have been discharged are not working along the lines for which they were supposed to be trained, or that they were not properly trained?

Col. FORBES. That is correct.

Mr. CANNON. I would like to know that number, too, and would like to know what they are doing.

Col. FORBES. We know that simply from the statements of the men themselves. That comes to us in letters that we receive; that is, we are advised that they are not following the work that they were trained for.

Mr. CANNON. I want to know whether the number receiving such training as that was large, or whether there were many receiving the training merely for the compensation.

Col. FORBES. Of course we could not determine that. If a man is declared to have a disability of 10 per cent he is eligible for training, and a 10 per cent disability is not a very compensable disability.

EXPENDITURES, FISCAL YEAR 1921, AND ESTIMATED EXPENDITURES FOR FISCAL YEAR 1922.

Col. FORBES. The following statement answers a good many questions:

Estimated expenditures for vocational rehabilitation for fiscal year ending 1922, and expenditures for fiscal year ended June 30, 1921.

Item.	1922	1921
Administrative:		
Salaries	$7,980,461.46	[1] $7,151,514.51
Travel, employees	652,844.52	422,651.08
Subsistence	461,493.54	362,616.46
Supplies	1,350,712.80	769,338.49
Rent	968,016.84	521,320.53
Communication	157,583.16	76,435.59
Miscellaneous	247,630.68	244,929.42
Freight and express	90,047.52	69,626.30
Printing	112,559.40	90,257.94
Total administrative expenses	12,021,343.92	9,708,690.32

[1] Teachers' salaries were included in administrative salaries during the first three quarters of 1921.

Estimated expenditures for vocational rehabilitation for fiscal year ending 1922, and expenditures for fiscal year ended June 30, 1921—Continued.

Item.	1922	1921
Direct expense:		
Allowance	$111,388,782.24	$77,966,753.20
Construction and labor	56,279.70	75,661.72
Institutional equipment	866,707.38	349,681.07
Instructors	225,118.80	132,569.04
Job, employees		
Medical attention		
Medical examination	146,327.22	76,694.37
Medical supplies		
Miscellaneous	56,279.70	61,682.58
Subsistence	123,815.34	96,606.53
Teachers' salaries	1,294,433.10	[1] 394,003.48
Training supplies	3,444,317.64	1,987,226.42
Travel	754,147.98	530,636.39
Tuition	11,379,755.34	7,895,229.59
Total direct expense	129,735,964.44	89,566,744.39
Other items		107,888.88
Grand total	141,757,308.36	99,383,223.59

[1] Teachers' salaries were included in administrative salaries during the first three quarters of 1921.

The CHAIRMAN. This table shows the items that make up the $141,757,308.36, which it is calculated will make up the requirements for the vocational training system until the 30th of June, 1922, including $65,000,000 already appropriated. The first item on that list is for salaries, $7,980,461.46; I wish you would be kind enough to give us the figures showing how that is made up, how many people you have employed, the range of salaries, etc. I see it is about $830,000 more than it was for 1921. I would like to know how it comes that it is that much greater. We had an idea that the number of employees was being reduced instead of increased.

Col. FORBES. That also includes salaries for men in new institutions.

The CHAIRMAN. What we want to know is how it is made up.

Col. FORBES. We will itemize it for you.

The CHAIRMAN. Supply us with that information and put it right in this place in the record. We would like to be able to visualize it as we go along, because it is not of much use to us unless we do.

NUMBER AND SALARIES OF EMPLOYEES TRANSFERRED TO UNITED STATES VETERANS' BUREAU.

Col. FORBES. We will supply that in the record. The annual salary of employees transferred to the Veterans' Bureau was $10,632,239. The estimate provides for $7,980,461.46, which provides for a decrease of $2,651,778. Below is an itemization of the salary by amount and number of employees transferred. You will note that, if the amount requested for salaries is allowed to stand, a reduction of 25 per cent under the number on the rolls on August 9 will have to be made.

Number of employees transferred to the United States Veterans' Bureau Aug. 9, 1921.

Number of employees.	Yearly salary.	Total amount.
216	$1.00	$216.00
1	25.00	25.00
1	36.00	36.00
6	50.00	300.00
2	52.00	104.00
2	60.00	120.00
2	72.00	144.00
65	100.00	6,500.00
1	104.00	104.00
3	120.00	360.00
2	144.00	288.00
1	156.00	156.00
1	180.00	180.00
1	208.00	208.00
4	240.00	960.00
2	270.00	540.00
9	300.00	2,700.00
1	360.00	360.00
1	420.00	420.00
1	432.00	432.00
22	480.00	10,560.00
4	540.00	2,160.00
18	576.00	10,368.00
42	600.00	25,200.00
1	640.00	640.00
5	660.00	3,300.00
4	700.00	2,800.00
132	720.00	95,040.00
5	780.00	3,900.00
2	800.00	1,600.00
1	806.40	806.40
4	820.00	3,280.00
13	840.00	10,920.00
1	860.00	860.00
16	864.00	13,824.00
97	900.00	87,300.00
1	940.00	940.00
1	959.04	959.04
23	960.00	22,080.00
92	1,000.00	92,000.00
7	1,008.00	7,056.00
10	1,020.00	10,200.00
1	1,020.00	1,020.00
2	1,040.00	2,080.00
3	1,050.00	3,150.00
174	1,080.00	187,920.00
205	1,100.00	225,500.00
14	1,120.00	15,680.00
19	1,140.00	21,660.00
31	1,144.00	35,464.00
1	1,150.00	1,150.00
40	1,152.00	56,080.00
10	1,160.00	11,600.00
1	1,170.00	1,170.00
722	1,200.00	866,400.00
2	1,209.60	2,419.20
1	1,220.00	1,220.00
1	1,224.00	1,224.00
5	1,240.00	6,200.00
2	1,250.00	2,500.00
27	1,258.56	33,981.12
41	1,260.00	51,660.00
1	1,296.00	1,296.00
25	1,300.00	32,500.00
4	1,310.40	5,241.60
504	1,320.00	665,280.00
5	$1,340.00	$6,700.00
7	1,350.00	9,450.00
24	1,380.00	33,120.00
144	1,400.00	201,600.00
1	1,420.00	1,420.00
436	1,440.00	627,840.00
1	1,450.00	1,450.00
1	1,460.00	1,460.00
186	1,500.00	279,000.00
16	1,520.00	24,320.00
7	1,540.00	10,780.00
3	1,550.00	4,650.00
108	1,560.00	168,480.00
1	1,596.00	1,596.00
401	1,600.00	641,600.00
25	1,620.00	40,500.00
34	1,640.00	55,760.00
2	1,650.00	3,300.00
6	1,660.00	9,960.00
13	1,680.00	21,840.00
80	1,700.00	136,000.00
207	1,710.00	353,970.00
5	1,720.00	8,600.00
7	1,728.00	12,096.00
4	1,740.00	6,960.00
2	1,750.00	3,500.00
1	1,760.00	1,760.00
505	1,800.00	909,000.00
1	1,830.00	1,830.00
3	1,840.00	5,520.00
1	1,872.00	1,870.00
7	1,900.00	13,300.00
1	1,915.00	1,915.00
13	1,920.00	24,960.00
6	1,920.96	11,525.76
2	1,950.00	3,900.00
1	1,980.00	1,980.00
198	2,000.00	396,000.00
2	2,040.00	4,080.00
1	2,073.60	2,073.60
55	2,100.00	115,500.00
1	2,120.00	2,120.00
163	2,200.00	358,600.00
3	2,220.00	6,660.00
2	2,240.00	4,480.00
18	2,250.00	40,500.00
1	2,280.00	2,280.00
11	2,300.00	25,300.00
1	2,340.00	2,340.00
1,022	2,400.00	2,452,800.00
3	2,496.00	7,488.00
96	2,500.00	240,000.00
70	2,750.00	192,500.00
67	3,000.00	201,000.00
17	3,250.00	55,250.00
27	3,500.00	94,500.00
10	3,600.00	36,000.00
6	3,750.00	22,500.00
3	3,800.00	11,400.00
13	4,000.00	52,000.00
3	5,000.00	15,000.00
1	6,000.00	6,000.00
Total (6,720 employees)		10,632,238.92

TRAVEL AND SUBSISTENCE.

The CHAIRMAN. You have an item of $652,844.52 for travel employees. What does that consist of and how is it made up? How many employees are traveling and what is the allowance?

Col. FORBES. The following list gives the amount spent by each employee of the Rehabilitation Division during the second quarter of

the fiscal year 1921, both for travel and subsistence. I will file a list of all employees traveling from the central office, their travel, and subsistence for the whole year 1921.

The CHAIRMAN. For subsistence you have an item of $461,493.54. We would like to have that itemized, with a statement showing how it is incurred, how many men are involved in the expense, the amount of the allowances, etc.,

Mr. ROUTSONG. Mr. Chairman, may I tell you how those figures were arrived at?

The CHAIRMAN. Yes.

Mr. ROUTSONG. We had the total administrative cost in 1921 distributed as you see it there, and we prorated those figures on the basis of the cost per trainee per month. Then we estimated the number of trainee months we would have through 1922, and we figured that proportionate increased cost.

The CHAIRMAN. What we want to know is how much was paid on account of each individual.

Mr. ROUTSONG. You see how we did it, and, therefore, the figures I will give you may vary from that slightly.

The CHAIRMAN. What we want to know is the allowance you make for each one of those individuals, so that we may determine whether they are violating the law or not. There is a law covering that sort of expenditure and we want to know whether you are working in compliance with the law.

Col. FORBES. You want a statement of the per diem cost?

The CHAIRMAN. A statement of the subsistence of men traveling. That is the traveling subsistence, is it not?

Mr. ROUTSONG. Yes, sir.

Col. FORBES. That is at the rate of $4 per day.

The CHAIRMAN. Let us have a statement of it.

Col. FORBES. We are furnishing that. Under the itemization of travel, subsistence is also included.

SUPPLIES.

The CHAIRMAN. The next item is for supplies. In 1921 the supplies cost $769,338.49, while for 1922 you figure $1,350,712.80. We would like to know what that large increase is for and what the supplies consist of.

Col. FORBES. During the fiscal year 1921 there was an average of 63,000 trainees, with an expenditure of $769,338.49. The estimated expenditure for 1922 is $1,350,712.80 for 93,700 trainees, or an average of $1.20 per month per trainee, the average being the same in each instance. Therefore the increase is due to the increase in number of trainees. The supplies consist of office furniture; typewriters; adding machines and all mechanical devices; cards, index (Hollerith), and guide; brief cases; maps; stationery supplies; mimeograph supplies.

RENT.

The CHAIRMAN. The next item you have is for rent, for which the expenditure in 1921 was $521,320.53, while for 1922 you propose an expenditure of $968,010.84. We would like to know how you come

to have so much more rent—whether you have higher rent or more places.

Col. FORBES. More places. The increase in rent is due in part to the increase in the number of local offices. The number of local offices at the beginning of the fiscal year 1921 was 98; at the present time there are 124. It has been necessary to open up training centers for tubercular and mental cases, where the trainees can get special care and special instruction. Several such institutions have been opened since the estimate for 1921 was made, for example, Pocono Pines $87,000, Silver Spring $26,000, Waynesville $27,225, Nauvoo $152,500 first year, second year $57,500,third year $52,500.

(The following statements show the detail which was requested regarding rentals. The first refers to district offices and suboffices with the approximate number of employees in each. The second refers to training centers:)

United States Veterans' Bureau leases, district and subdistrict offices.

DISTRICT NO. 1.

Address.	Area, square feet.	Rental, annual.	Rental, monthly.	Square foot.	Term. From—	Term. To—	Can.	Service furnished.	Number of persons.
District office:									
Boston, Mass, Washington Essex, E. T. Redmond & Co. (Inc.), agent for Washington Essex Building, trustees.	57,946	$154,500.00	$12,874.99	$2.62	Oct. 1, 1921	June 30, 1926	30	All service	669
Subdistrict offices:									
Bangor, Me., Smith Building, W. W. Palmer, agent for estate of Charles Stetson.	860	1,020.00	85.00	1.18	July 1, 1921	June 30, 1922	30	Janitor and heat	6
Portland, Me., Benoit Building, A. H. Benoit & Co., H. A. Benoit, treasurer.	947	1,620.00	135.00	1.71	.....do.....	.....do.....	30	Except elevator	27
Springfield, Mass, Patton, William Patton	2,987	3,240.00	270.00	1.07	.....do.....	.....do.....	30	Heat and water	50
Worcester, Mass., 544 Main Street, W. J. Woods and James Montgomery.	1,505	2,400.00	200.00	1.59	.....do.....	.....do.....	30	Heat and elevator	25
Manchester, N. H., Bell Building, Samuel K. Bell.	1,000	1,620.00	135.00	1.62	.....do.....	.....do.....	30	Except light and elevator	20
Providence, R. I., Raymond Block, Walter S. Lederer.	703	1,500.00	125.00	2.13	.....do.....	.....do.....	.....	Except light	22
Burlington, Vt., Burlington Block, Max L. Powell.	2,200	1,200.00	100.00	.54	.....do.....	.....do.....	30	Except elevator	16

DISTRICT NO. 2.

Address.	Area, square feet.	Rental, annual.	Rental, monthly.	Square foot.	Term. From—	Term. To—	Can.	Service furnished.	Number of persons.
District office:									
New York, N. Y., 25 West Forty-third Street, National Association Building Co.	60,520	$266,430.00	$13,869.16	$2.75	July 1, 1921	June 30, 1920	.....	None	1,190
Subdistrict offices:									
Hartford, Conn., 179 Allyn Street, Glover E. Howe.	334	840.00	70.00	2.51	.....do.....	June 30, 1922	30	All	25
Hartford, Conn., Hartford Market, Hartford Market Co.	962	2,100.00	175.00	2.21	.....do.....	.....do.....	30	Except elevator	
New Haven, Conn., Plymouth Building, Messrs. Elmer E. Smith, Albert D. Debussy, Frank C. Kusterer.	945	1,848.00	154.00	1.95	.....do.....	.....do.....	P. 30	Except water	23
Newark, N. J., Aetna Realty Co., Aetna Realty Co.	3,000	4,500.00	375.00	1.50	.....do.....	.....do.....	P.	.....	52
Newark, N. J., 9-11 Franklin Street, Lewis T. Bryant.	3,672	2,700.00	225.00	.73	.....do.....	.....do.....	P. 30	None	

Camden, N. J., Department Labor Building, Government owned.									7
Binghamton, N. Y., Press Building, Willis Sharpe Kilmer.	1,011	1,200.00	100.00	1.18	July 1, 1921	June 30, 1922	30	Except water	12
Albany, N. Y., county courthouse, Government owned.									52
Buffalo, N. Y., Root Building, W. A. Morgan.	1,771	2,640.00	220.00	1.49	July 1, 1921	June 30, 1922	30	Except elevator and water	20
New York, N. Y., Penn. Terminal, ——— Realty Corporation.	17,300	40,475.00	3,372.91	2.34	do	June 30, 1923		None	1,190
Poughkeepsie, N. Y., Taylor Office, Edgar B. Taylor.	1,044	1,104.00	92.00	1.06	do	June 30, 1922	30	All	17
Rochester, N. Y., 75 State Street, Rochester Chapter of the American Red Cross.	1,640	3,000.00	250.00	1.82	do	do			22
Saranac Lake, N. Y., 94 Main Street, Walter W. Sagendorf.	832	1,080.00	90.00	1.29	do	do	30	Except elevator	11
Syracuse, N. Y., Rosenbloom Building, Murray Realty Co. (inc.).	3,951	7,300.00	608.33	1.85	do	do	30	Except water	32
Utica, N. Y., Martin Building, E. H. Martin, trustee, estate of Henry Martin.	1,024	1,500.00	125.00	1.47	do	do	30	do	14

DISTRICT NO. 3.

District office:									
Philadelphia, Pa., 140 North Broad, United States Shipping Board.	49,200	$135,300.00	$11,275.00	$2.75	July 1, 1921	Apr. 22, 1922		Except light	686
Philadelphia, Pa., Kahn Building, Jacob C. Kahn.	72,100	70,000.00	5,833.33	.97	Apr. 23, 1922	June 30, 1926		do	
Subdistrict offices:									
Wilmington, Del., DuPont Building, DuPont Building Corporation.	3,300	5,478.00	456.50	1.66	July 1, 1921	June 30, 1922	90	Except water	22
Allentown, Pa., Y. M. C. A.	3,826	3,000.00	250.00	.78	do	do	30	Except light	25
Erie, Pa., Commerce Building, Henry E. Mayer, executor estate of Henry Mayer, deceased.	2,686	4,116.00	343.00	1.48	do	do	30	Except water	21
Harrisburg, Pa., Yoffee Building, Morris Yoffee and Tobias Yoffee.	3,455	7,200.00	600.00	2.08	do	do	30	Except light	41
Johnstown, Pa., Koch Building, David C. Kline.	3,220	2,700.00	225.00	.84	do	do	60	Heat and water	24
Pittsburgh, Pa., Martin Building, F. F. Rohrer, agent for Lucretia Martin's estate.	4,533	7,422.00	618.50	1.69	do	do	30	Except water and elevator	90
Scranton, Pa., Lackawanna Avenue, the Delaware & Hudson Co.	4,407	4,406.96	367.25	1.00	do	do	30	Except light	55
Williamsport, Pa., 308 West Fourth Street, Frank Plankenhorn.	2,720	3,000.00	250.00	1.10	do	do	30	Except light and elevator	23

United States Veterans' Bureau leases, district and subdistrict offices—Continued.

DISTRICT NO. 4.

Address.	Area square feet.	Rental, annual.	Rental, monthly.	Square foot.	Term. From—	Term. To—	Can.	Service furnished.	Number of persons.
District office:									
Washington, D. C., Arlington Building, Central Office.	.....	.....	.....	.....	.....	.....	.....	.....	483
Subdistrict office:									
Baltimore, Md., 20 Light Street, William Martien & Co., agent.	12,868	$51,700.00	$4,308.33	$3.64	July 1,1921	June 30,1922	30	Except water	168
Norfolk, Va., Flatiron Building, Flatiron Square Locality Corporation.	500	1,000.00	83.33	2.00	.....do.....	.....do.....	30	Except elevator	18
Richmond, Va., Times-Dispatch Building, Times Publishing Co.	504	756.00	63.00	1.50	.....do.....	Dec. 31,1921	30	.....do.....	
Richmond, Va., Chamber of Commerce, Atlantic Life Insurance Co., Pollard & Bagby, agent (Inc.).	1,194	2,206.00	183.83	1.50	.....do.....	June 30,1922	30	All	33
Roanoke, Va., 11 West Church Street, C. R. Williams.	2,800	1,800.00	150.00	.64	.....do.....	.....do.....	30	Except elevator	31
Bluefield, W. Va., Mayer Building, James E. Mayer.	1,313	1,681.20	140.10	2.05	.....do.....	.....do.....	30	Except janitor and elevator	15
Charleston, W. Va., Masonic Temple, Masonic Temple Building, committee.	2,250	1,260.00	105.00	.56	.....do.....	.....do.....	30	All	36
Clarksburg, W. Va., 451 West Main Street, Guy D. Goff and W. Percy Goff.	3,350	1,800.00	150.00	.51	Dec. 1,1921	.....do.....	P. 30	Except elevator	.....
Parkersburg, W. Va., Citizens' Bank Building, Citizens' Bank Building Co.	501	480.00	40.00	.96	July 1,1921	.....do.....	.....	None	29
Wheeling, W. Va., Odd Fellows Hall, Odd Fellows Hall Association.	1,824	1,750.00	145.83	.96	.....do.....	.....do.....	30	Except janitor and elevator	8

DISTRICT NO. 5.

District office:									
Atlanta, Ga., 433 Peachtree Street, United Motors Service Co.	30,772	$18,000.00	$1,500.00	$0.58	Sept. 1,1921	June 30,1922	30	Except elevator	542
Subdistrict offices:									
Jacksonville, Fla., Graham Building, Ed. W. Desch, manager, Graham Building.	1,230	2,428.68	202.39	1.97	July 1,1921	.....do.....	30	All	23

Savannah, Ga., Congress Building, Max Blumenthal, M. H. Bernstein.	671	1,170.00	97.50	1.75	.....do.....	.....do.....	P. 60	Light and heat.....	5
Macon, Ga., Grand Building, Macon Academy of Music Co.	2,100	2,100.00	175.00	1.00	Oct. 1,1921	.....do.....	.....	All.....	17
Charlotte, N. C., United States Assay Building, Government owned.	.....	.....	.....	.....	.....	.....	.....	.....	74
Raleigh, N. C., Commercial Bank Building, the Commercial Bank Building Co.	1,187	1,698.00	141.50	1.57	July 1,1921	June 30,1922	.....	All.....	19
Columbia, S. C., National Loan & Exchange Building, National Loan & Exchange Bank Co.	476	720.00	60.00	1.51	.....do.....	.....do.....	30	None.....	43
Chattanooga, Tenn., Pound Building, J. B. Pound.	3,600	3,600.00	300.00	1.00	.....do.....	.....do.....	30	Except light.....	16
Memphis, Tenn., McCall Building, McCall Building Co.	1,825	3,060.00	255.00	1.67	.....do.....	.....do.....	30	All.....	20
Knoxville, Tenn., Deadrick Building, the Knoxville Office Co.	1,240	1,800.00	150.00	1.46	.....do.....	.....do.....	30	.....do.....	60
Nashville, Tenn., Commercial Club Building.	2,033	3,300.00	275.00	1.62	.....do.....	.....do.....	30	.....do.....	32

DISTRICT NO. 6.

District office:									
New Orleans, La., Hibernia Bank Building, Hibernia Safe Deposit Co.	23,276	$46,552.00	$3,879.00	$2.00	Oct. 1,1921	June 30,1922	30	Except light.....	400
Subdistrict offices:									
Gadsden, Ala., Federal Building, Government owned.	.....	.....	.....	.....	.....	.....	.....	.....	16
Birmingham, Ala., Jeff Bank Building, Jefferson Realty & Building Co.	4,108	8,400.00	700.00	2.06	Oct. 1,1921	June 30,1922	30	Except light.....	62
Mobile, Ala., Masonic Temple, Masonic Temple Association.	1,150	1,320.00	110.00	1.14	Nov. 1,1921	.....do.....	30	All.....	72
Montgomery, Ala., Bell Building, N. J. Bell, trustee.	1,840	3,480.00	290.00	1.88	July 1,1921	.....do.....	30	Except light.....	43
Lafayette, La., Lafayette Bank, Lafayette Bank & Trust Co.	336	240.00	20.00	.71	.....do.....	.....do.....	30	Water and heat.....	31
Shreveport, La., Kittrell Building, Kidd Russ Realty Co.	1,815	1,980.00	165.00	1.09	Sept. 1,1921	.....do.....	30	Except water.....	14
Jackson, Miss., Spengler Building, C. H. Spengler, administrator.	4,144	2,880.00	240.00	.68	July 1,1921	.....do.....	30	Except elevator.....	35
Meridian, Miss., Cochran Building, Ben J. Cameron, agent.	1,903	1,500.00	125.00	.79	.....do.....	.....do.....	30	All.....	33
New Orleans, La., Johncke Building, Johncke Realty Co.	1,493	2,612.76	217.73	1.75	.....do.....	.....do.....	30	Except elevator and light...	400

United States Veterans' Bureau leases, district and subdistrict offices—Continued.

DISTRICT NO. 7.

Address.	Area square feet.	Rental, annual.	Rental, monthly.	Square foot.	Term. From—	Term. To—	Can.	Service furnished.	Number of per-
District office:									
Cincinnati, Ohio, 408 Pioneer Street, The Goodyear Tire & Rubber Co.	46,476	$44,152.58	$3,679.38	$0.95	Sept. 1, 1921	June 30, 1926	30	All	554
Subdistrict office:									
Indianapolis, Ind., Meridian Life Building, Fletchers Saving & Trust Co.	4,520	8,875.00	731.25	1.92	July 1, 1921	June 30, 1922	30	do	109
South Bend, Ind., Chamber of Commerce, Chamber of Commerce.	1,700	1,700.00	141.66	1.00	do	do	30	do	39
Evansville, Ind., Federal building, Government owned.									28
Hopkinsville, Ky., Pennyroyal, Pennyroyal Co.	1,805	1,380.00	115.00	.94	July 1, 1921	June 30, 1922	30	All	35
Lexington, Ky., Bassett Building, James E. Bassett.	3,750	4,200.00	350.00	1.12	do	do	30	do	43
Louisville, Ky., Francis Building, Wright & Taylor (Inc.).	4,404	7,141.50	595.12	1.62	do	do	30	Except elevator	65
Columbus, Ohio, Medical Arts, Ross, Wirtz & Long.	5,223	10,785.50	898.80	2.06	do	do	30	do	49
Canton, Ohio, Bender Market, Ed E. Bender.	2,924	2,370.00	197.50	.81	Nov. 1, 1921	do	30	Water and heat	27
Cleveland, Ohio, Standard Parts, Oak Investment Co.	4,885	8,454.20	704.51	1.73	July 1, 1921	do	30	All	32
Toledo, Ohio, Nasby Building, Tower Building Co.	2,254	4,281.60	356.80	1.90	do	do	30	Except light	28
Dayton, Ohio, Federal building, Government owned.									40

DISTRICT NO. 8.

Address.	Area square feet.	Rental, annual.	Rental, monthly.	Square foot.	Term. From—	Term. To—	Can.	Service furnished.	Number of per-
District office:									
Chicago, Ill., Leiter Building, Ed B. Maguire, agent for estate of L. Z. Leiter.	65,000	$191,500.00	$15,958.33	$2.87	July 1, 1921	June 30, 1925		Except light	835
Subdistrict offices:									
Centralia, Ill., Pfeiffer Building, F. L. Pfeiffer.	932	1,740.00	145.00	1.67	do	June 30, 1922	30	Except water and elevator	17
Champaign Ill., Gazette Building, Samuel P. Atkinson.	638	1,200.00	100.00	1.88	do	do	30	Except elevator	10

Danville, Ill., Baum Building, D. S. Baum..	980	1,440.00	120.00	1.46	Oct. 1, 1921	.....do.....	30	All.....	14
East St. Louis, Ill., Metropolitan Building, Will P. Launtz.	3,684	2,700.00	225.00	.74	July 1, 1921	.....do.....	30	.....do.....	21
Peoria, Ill., Peoria Life Building, Peoria Life Insurance Co.	1,048	1,500.00	125.00	1.43	.....do.....	.....do.....	30	Except light.....	50
Rockford, Ill., Mead Building, Frank S. Horner, agent.	1,770	1,740.00	145.00	.99	.....do.....	.....do.....	30	.....do.....	37
Detroit, Mich., 113 State Street, Maurice M. Robinson.	1,708	4,800.00	400.00	2.80	.....do.....	Jan. 31, 1926	30	Heat and elevator.....	31
Grand Rapids, Mich., Goodspeed Fox, Goodspeed Real Estate Co. and James H. Fox Realty Co.	2,400	1,500.00	125.00	.63	.....do.....	June 30, 1922	60	All.....	31
Jackson, Mich., Rogers Building, T. S. Rogers.	1,327	2,568.00	214.00	1.94	.....do.....	.....do.....	30	.....do.....	39
Marquette, Mich., Marquette Savings Bank, Marquette Savings Bank.	700	672.00	56.00	.96	Sept. 1, 1921	.....do.....	30	All except elevator.....	14
Saginaw, Mich., Armory Building, Armory Board of Control of Saginaw.	576	600.00	50.00	1.06	July 1, 1921	.....do.....	30	Except elevator and water..	21
Eau Claire, Wis., Laycock Building, Laycock Building Corporation.	1,600	1,500.00	124.99	.85	.....do.....	.....do.....	30	Janitor and light.....	16
Madison Wis., Gay Building, Cordyon D. Dwight.	2,030	3,500.00	291.60	1.72	Sept. 1, 1921	.....do.....	30	Except light and elevator...	30
Milwaukee, Wis., Gross Building, Gross Realty Co.	3,750	7,500.00	625.00	2.00	Nov. 1, 1921	.....do.....	P.	Except light.....	40
Green Bay, Wis., Federal Building, Government owned.	.....	.....	.....	.....	.....	.....	.....	.....	22
Springfield, Ill.....	1,100	1,680.00	140.00	1.40	.....	.....	P.	.....	28

DISTRICT NO. 9.

District office:									
St. Louis, Mo., Magazine and Press, Regents Mercantile Co.	23,107	$30,202.00	$2,516.83	$1.35	July 1, 1921	June 30, 1925	.....	Except light.....	378
Subdistrict offices:									
Cedar Rapids, Iowa, Higley Building, R. K. Keech.	815	1,350.00	112.50	1.63	.....do.....	June 30, 1922	30	.....do.....	33
Des Moines, Iowa, Flynn Building, Annabelle F. Lynch, trustee.	2,763	5,526.00	460.50	2.00	.....do.....	.....do.....	30	All.....	41
Waterloo, Iowa, Marsh Place Building, Marsh Place Building Co.	702	1,312.00	109.33	1.87	Oct. 1, 1921	.....do.....	30	Except light.....	10
Fort Dodge, Iowa, Federal building, Government owned.	.....	.....	.....	.....	.....	.....	.....	.....	11
Salina, Kans., courthouse, H. A. Ragle.....	1,010	828.00	69.00	.83	July 1, 1921	June 30, 1922	30	Except elevator.....	12
Topeka, Kans., Kansas Reserve Bank, Kansas Reserve State Bank.	1,544	1,200.00	100.00	.77	.....do.....	.....do.....	30	Except light and elevator...	16
Wichita, Kans., Sedgwick Building, R. G. Black.	1,440	1,260.00	97.50	.94	.....do.....	.....do.....	30	Except elevator.....	30
Kansas City, Mo., Interstate Building, Merry Investment Co.	2,512	4,396.00	366.38	1.75	Nov. 1, 1921	.....do.....	30	Except light.....	40

United States Veterans' Bureau leases, district and subdistrict offices—Continued.

DISTRICT NO. 9—Continued.

Address.	Area square feet.	Rental, annual.	Rental, monthly.	Square foot.	Term. From—	Term. To—	Can.	Service furnished.	Number of persons.
Subdistrict offices—Continued.									
St. Louis, Mo., Chemical Building, Chemical Building Co.	2,121	$3,660.00	$3305.00	$1.72	July $1,1921	June 30,1922	None.		378
Chillicothe, Mo., post office building, Government owned.									18
Springfield, Mo., Landers Building, Landers Investment Co.	806	981.96	81.83	1.22	July 1,1921	June 30,1922	30	None	23
Omaha, Nebr., W. O. W. building, Grand Lodge of the W. O. W.	948	2,844.00	237.00	3.00	do	do	30	All	48
Lincoln, Nebr., Federal building, Government owned.									16
Kearney, Nebr., Federal building, Government owned.									16

DISTRICT NO. 10.

Address.	Area square feet.	Rental, annual.	Rental, monthly.	Square foot.	Term. From—	Term. To—	Can.	Service furnished.	Number of persons.
District office:									
Minneapolis, Minn., Keith Plaza Building, Walter J. Keith.	40,150	$49,935.00	$4,161.25	$0.97	July 1,1921	June 30,1922	30	Except light	545
Subdistrict offices:									
Duluth, Minn., Manhattan Building, John A. Stephenson & Co.	719	936.00	78.00	1.30	do	do	30	All	9
Minneapolis, Minn., Lincoln Bank Building, Pence Holding Co.	8,148	20,981.81	1,748.48	2.66	do	do	30	None	545
St. Paul, Minn., Lowry Annex, Arcade Investment Co.	3,325	3,970.80	330.90	1.19	do	do	60	All	35
St. Paul, Minn., Hamm Building, Hamm Realty Co.	3,010	4,870.00	405.33	1.62	Jan. 1,1922	do	30	Except light	
Fargo, N. Dak., Emerson Implement, Emerson-Branington Implement Co.	3,000	2,400.00	200.00	.80	Nov. 1,1921	do	30	Heat and water	41
Sioux Falls, S. Dak., Security Building, Western Surety Co.	1,148	1,920.00	160.00	1.67	do	do	30	Except light	39
Helena, Mont., Kohrs Block, Conrad Kohrs Co.	3,300	1,980.00	165.00	.60	July 1,1921	do	30	Except light and elevator	54

DISTRICT No. 11.

District Office:									
Denver, Colo., United States National Bank, Hitchings Van Schaack Co.	32,494	$54,989.96	$5,415.83	$2.00	July 1, 1921	June 30, 1922	.....	All	407
Subdistrict offices:									
Colorado Springs, Colo., 117 East Pikes Peak Avenue, International Realty Co.	648	540.00	45.00	.83	.....do	.....do	.....	.....do	27
Denver, Colo., First National Bank, Citizens National Bank.	4,200	9,000.00	750.00	2.00	.....do	.....do	.....	None	407
Pueblo, Colo., Central Block, the T. & H. Pueblo Building Co.	2,373	1,803.59	150.29	.76	Nov. 1, 1921	.....do	.....	Except water	29
Albuquerque, N. Mex., Korber Building, Korber Realty Co.	6,250	5,220.00	435.00	.87	July 1, 1921	.....do	30	Except electricity and water.	77
Salt Lake City, Utah, Boston Building, Hollaran Judge Trust Co.	2,587	4,200.00	350.00	1.62	.....do	.....do	30	All	51
Casper, Wyo., Oil Exchange, Oil Exchange Building (Inc.).	860	1,720.00	143.33	2.00	Nov. 1, 1921	.....do	30	Except light	17

DISTRICT NO. 12.

District offices:									
San Francisco, Calif., Flood Building, Flood Realty Co.	26,870	$51,996.00	$4,333.00	$1.94	July 1, 1921	Nov. 30, 1921	30	All	372
San Francisco, Calif., Lincoln Realty Co., Hintz & Landt (Inc.).	36,144	52,200.00	4,350.00	1.44	Dec. 1, 1921	June 30, 1922	80	.....do	.....
Subdistrict offices:									
Phoenix, Ariz., 112 North Central Ave., the Commonwealth Investment Co.	683	1,000.00	83.33	1.46	July 1, 1921	.....do	30	Except electricity and janitor.	26
Tucson, Ariz., Red Cloude Lodge, Nealy A. Pennington.	1,728	1,200.00	100.00	.68	.....do	.....do	30	None	9
Sacramento, Calif., Merchants National Bank.	2,280	3,600.00	300.00	1.51	Nov. 1, 1921	.....do	30	All	16
Fresno, Calif., 632 Blackstone, D. Thomas	3,402	2,700.00	225.00	.78	July 1, 1921	.....do	P.	.....	16
Los Angeles, Calif., Pacific Mutual, Pacific Mutual Life Ins. Co.	13,489	36,754.00	3,062.00	2.72	Oct. 16, 1921	.....do	P. 30	All	184
San Diego, Calif., Spreckles Building, J. D. Spreckles.	2,051	2,280.00	190.00	1.09	July 1, 1921	.....do	.....	.....do	18
Reno, Nev., 550 Sierra Avenue, Henry Ritter.	.....	1,200.00	100.00	.....	.....do	.....do	P.	.....	8
Reno, Nev., Washoe County Building, R. G. Withers.	153	300.00	25.00	1.96	.....do	.....do	30	.....	

United States Veterans' Bureau leases, district and subdistrict offices—Continued.

DISTRICT NO. 13.

Address.	Area, square feet.	Rental, annual.	Rental, monthly.	Square foot.	Term. From—	Term. To—	Can.	Service furnished.	Number of persons.
District office:									
Seattle, Wash., Arcade Building, Arcade Realty Co.	23,818	$46,783.00	$3,898.58	$2.00	July 1, 1921	June 30, 1922	30	All	261
Subdistrict offices:									
Pocatello, Idaho, Kane Wooley Realty Co.	1,216	1,620.00	135.00	1.33	do	do	30	do	16
Portland, Oreg., Medical Building, F. O. Downing.	1,600	3,000.00	250.00	1.88	do	do	30	None	41
Spokane, Wash., Fernwell, H. W. Hutton	2,300	3,600.00	300.00	1.56	do	do	30	All	34
Tacoma, Wash., Rust Building, A. E. Grafton & Co.	2,120	3,922.00	326.83	1.85	Oct. 1, 1921	do	30	do	9

DISTRICT NO. 14.

Address.	Area, square feet.	Rental, annual.	Rental, monthly.	Square foot.	Term. From—	Term. To—	Can.	Service furnished.	Number of persons.
District office:									
Dallas, Tex., 1503 Pacific Avenue	21,000	$36,750.00	$3,062.49	$1.75	July 1, 1921	June 30, 1922	90	Except light and water	332
Subdistrict offices:									
Texarkana, Ark., Foreman Building, Nannie E. Foreman.	1,830	1,080.00	90.00	.59	do	do	30	All	16
Little Rock, Ark., A. O. U. W., the Grand Lodge A. O. U. W.	1,405	2,800.10	233.34	2.00	do	do	30	do	25
Fort Smith, Ark., First National Bank	1,354	1,305.00	108.75	.96	do	do	30	do	15
Oklahoma City, Okla., Grain Exchange, Grain Exchange Building Co.	1,443	2,884.00	246.34	2.00	do	do	30	Except light and elevator	33
Tulsa, Okla., First National Bank	1,158	2,610.00	217.50	2.25	do	do	30	All	16
Dallas, Tex., 1400 Pacific Avenue, Thomas Goggan & Bros.	2,500	1,500.00	125.00	.60	do	do	30	Janitor	332
Dallas, Tex., Praetorian Realty Co.	1,000	2,200.00	183.33	2.28	do	do	P. 30		
El Paso, Tex., Mills Building, Horace B. Stevens.	1,913	2,556.00	213.00	2.68	do	do	P. 30	Except light	22
Fort Worth, Tex., F. and M. Building, Farmers' Building and Mechanics' Corporation	1,298	3,300.00	275.00	2.53	do	do	30	do	20
Houston, Tex., Bulf Building, the National Bank of Commerce.	2,277	5,736.00	478.00	2.52	do	do	P. 30		35
San Antonio, Tex., Bedell, J. H. Savage, agent.	2,270	3,144.00	262.00	1.38	do	do	30	All	77
Waco, Tex., Amicable Life	1,023	1,540.00	128.00	1.50	do	do	30	do	8

TRAINING CENTERS.

NOTE.—There are 195 training centers in all, including those operated in connection with hospitals, soldiers' homes, and Government owned properties.

Fifty-one are operated under leases, some of them having more than one lease, so that the number of leases is 60. These leases were usually made for the current fiscal year with a 30-day cancellation clause.

The following list shows the location of the training center, the term of the lease, the rent per annum, and the name of the lessor.

	Term of lease.	Rental per annum.	Lessor.
District No. 1:			
Rutland, Mass.	No term	None.	Free space under contract.
Hartford, Conn.	July 1, 1921, to June 30, 1922	$4,800	K. B. Noble Co.
District No. 2:			
Liberty, N. Y.	do	360	Julius Dwaretsky.
Do.	do	1,200	Trustees Liberty Grange No. 1308.
New York, N. Y.	do	15,125	Blocton Realty Corporation.
Saranac Lake, N. Y.	do	1,080	Mrs. Katherine B. Potter.
District No. 3:			
Pocono Pines, Pa.	May 1 1921, to June 30, 1924	87,000	Pocono Pines Assembly Hotels Co.
District No. 4:			
Baltimore, Md.	July 1, 1921, to June 30, 1922	2,700	Davis W. Chertkoff.
	do	10,000	Do.
Silver Springs, Md.	do	26,000	Mr. MacNeil.
Charleston, W. Va.	do	540	James F. Brown, J. N. Carnes, and D. W. Patterson, trustees for the Masonic Building Committee.
Parkersburg, W. Va.	do	480	Citizens National Bank.
Richmond, Va.	do	1,200	Associated Charities, by Hamilton G. Boykin.
Do.	do	420	Red Circle Community Club.
Roanoke, Va.	do	1,800	C. R. Williams.
District No. 5:			
Atlanta, Ga.	Sept. 1, 1921, to June 30, 1922	13,560	J. R. Smith & M. S. Rankin.
Charlotte, N. C.	No time limit	(1)	No contract.
Chattanooga, Tenn.	July 1, 1921, to June 30, 1922	3,600	Covered by subdistrict office lease.
Nashville, Tenn.	July 1, 1921, to June 30, 1922	864	Mecklenburg Realty Co.
Raleigh, N. C.	do	600	B. F. Montague.
Do.	do	300	Do.
Waynesville, N. C.	Mar. 1, 1921, to June 30, 1922	27,225	B. J. Sloan.
District No. 6:			
Birmingham, Ala.	July 1, 1921, to Dec. 31, 1921	1,800	Jonas Schwab.
Jackson, Miss.	July 1, 1921, to June 30, 1922	1,200	J. R. Buford.
Lafayette, La.	July 15, 1921, to June 30, 1922	720	Wm. Montgomery.
Mobile, Ala.	No time limit	(1)	No contract.
Meridian, Miss.	July 1, 1921, to June 30, 1922	900	R. H. Suttle.
Montgomery, Ala.	do	630	S. B. Marks, sr.
New Orleans, La.	No time limit	(1)	No contract.
Pascagoula, Miss.	July 1, 1921, to June 30, 1922	36,000	International Shipbuilding Co.
District No. 8:			
Aurora, Ill.	No time limit	(1)	Contract.
Danville, Ill.	do	(1)	Do.
Grand Rapids, Mich.	do	(1)	Do.
Green Bay, Wis.	do	(1)	Do.
Joliet, Ill.	Closed Aug. 25, 1921		
Kalamazoo, Mich.	No time limit	(1)	Do.
Nauvoo, Ill.	Jan. 1, 1921, to June 30, 1925	32,500	Ed. B. McGuire.
Do.	July 1, 1921, to June 30, 1922	120,000	
Do.	July 1, 1922, to June 30, 1923	25,000	Do.
Do.	July 1, 1923, to June 30, 1924	20,000	
Racine, Wis.	July 1, 1921, to June 30, 1922	540	Racine Investment Co.
Saginaw, Mich.	No time limit	(1)	No contract.
Springfield, Ill.	do	(1)	Do.
District No. 9:			
Mason City, Iowa	Closed out		
District No. 10:			
Minneapolis, Minn.	No time limit	(1)	Do.
District No. 11:			
Alamosa, Colo.	Aug. 1, 1921, to June 30, 1922	1,200	Friendship Lodge 134, Independent Order of Odd Fellows.
Albuquerque, N. Mex.	July 1, 1921, to June 30, 1922	2,760	Korber Realty Co. (Inc.).
Do.	July 1, 1921, to July 1, 1922	360	Do.

1 Free space.

	Term of lease.	Rental per annum.	Lessor.
District No. 11 - Continued.			
Colorado Springs, Colo.	July 1, 1921, to June 30, 1922	$2,100	John A. Murtland, Pittsburg, Pa.
Denver, Colo	Aug. 1, 1921, to June 30, 1922	6,000	The Hill Land & Investment Co.
Fort Lyons, Colo	No time limit	(1)	No contract.
Las Vegas, N. Mex	July 1, 1921, to June 30, 1922	720	John DeWitt Veeder.
Pueblo, Colo	do	1,980	Independent Order of Odd Fellows.
Sante Fe, N. Mex	do	480	Julius Gans.
District No. 12:			
Alpine, Calif	do	480	Alpine Sanatorium.
Fresno, Calif	July 1, 1921, to Dec. 31, 1921	1,140	John D. Patterson and Dorothy Rogers.
Los Angeles, Calif	No time limit	(1)	No contract.
San Diego, Calif	July 1, 1921, to June 30, 1922	990	J. D. & A. B. Spreckles Securities Co.
District No. 13:			
Portland, Oreg	do	1,800	D. P. Thompson Co.
Seattle, Wash	do	5,400	T. C. McHugh.
Do	do	1,200	Seattle Temple Odd Fellows Association.
District No. 14:			
El Paso, Tex	Sept. 1, 1921, to June 30, 1922	3,600	Elizabeth C. M. Mundy and L. L. Mundy.
Fort Worth, Tex	July 1, 1921, to June 30, 1922	1,630.20	Anderson & Taliaferro.
Oklahoma City, Okla	No time limit	(1)	No contract.
San Angelo, Tex	July 1, 1921, to June 30, 1922	360	Charles Powell.
San Antonio, Tex	No time limit	(1)	No lease.

[1] Free space.

EDW. R. WITMAN,
Chief Lease and Contract Section.

TELEGRAPH AND TELEPHONE SERVICE.

The CHAIRMAN. For communication, the expenditure for 1921 was $76,435.59, and you estimate for the same purpose $157,583.16. Is that for telegraphing?

Col. FORBES. That is for all sorts of communication service, by telephone, telegraph, etc.

The CHAIRMAN. It seems outrageous. I suppose the Government maintains the Western Union and Postal Telegraph Cos., and if they did not have any business except that of the agencies of the Government they would still make big profits. I do not suppose anybody pays any attention to economy in the use of these communications, but use them indiscriminately. Will you furnish an intemization of that?

Col. FORBES. A large percentage of telegraphic expenses is due to communication to central office from the regional offices relative to the change in status of the trainees; for example, the report for the present month shows 17,000 men with training interrupted. Many of these cases will require hospitalization. When the trainee is unable to carry on as a trainee, it is necessary that he be removed from the pay roll of the Vocational Division and placed back on that of compensation. Compensation received by the trainee is rarely ever as much as that paid as allowance. Hence, in order that there be no delay in the change from one pay roll to another, it is necessary to wire the transfer, in order that the saving be made in difference in the amount of compensation and allowances, and also so that the individual will not suffer for want of funds while the transfer is being made. This increase can be charged to the increase

in number of trainees, the increase in local offices, and training centers. The following is an itemization of communication charges by districts for the past fiscal year:

District.	Telephone and telegraph.	Postage and box rent.	District.	Telephone and telegraph.	Postage and box rent.
No. 1	$4,043.35	$130.47	No. 14	$3,031.02	$14.60
No. 2	5,594.82	93.02	No. 15	1,009.13	
No. 3	3,023.39	26.00	C. O.	6,876.80	8,140.00
No. 4	3,050.63	96.20	Field account		7,300.00
No. 5	1,970.62	15.00			
No. 6	2,328.80	60.00	Total	49,160.00	16,245.62
No. 7	2,507.83				
No. 8	3,045.42	70.00	Grand total as of July 1		65,405.62
No. 9	2,931.81	31.00	Amount paid all districts since July 1		11,029.97
No. 10	1,623.55	73.20			
No. 11	2,799.36	126.13			
No. 12	3,902.61	55.00	Total amount as of Aug. 31		76,436.59
No. 13	2,266.80	15.00			

MISCELLANEOUS.

The CHAIRMAN. The next item is for miscellaneous: Last year you had an expenditure of $244,929.42, while for this year you estimate $247,630.68. What is miscellaneous, or what does it consist of? We would like to know about that.

Col. FORBES. Miscellaneous expenses are made up of the following items: Crating of furniture, window cleaning, electric bulbs, lettering of doors, paper towels and drinking cups, dry cell batteries, repairs to typewriters and mechanical appliances, repairs to office fixtures, heat, light, and water, miscellaneous rental, job employees, retirement fund, repairs and renewals, building repairs.

The following expenditures under the caption of miscellaneous expenses were made during the fiscal year 1921:

Heat, light, and water	$14,111.02
Job employees	12,173.54
Miscellaneous items, including first 8 above	97,156.81
Miscellaneous rentals	22,961.25
Retirement fund	90,646.26
Repairs and renewals	5,124.82
Building repairs	2,765.72
Total	244,929.42

FREIGHT AND EXPRESS.

The CHAIRMAN. For freight and express you had an expenditure last year of $69,626.30, while for next year you propose an expenditure of $90,047.52. What does that expense consist of?

Col. FORBES. In part explanation of that, I will say we are taking over Government property from other departments and shipping it to the different schools and different regional centers in the country.

The CHAIRMAN. Is that training material?

Col. FORBES. Yes, sir; it is training material. Very frequently we find that it costs more to ship the material than it would to buy it locally and install it, but the law prohibits us from doing that now.

Freight, express, and drayage. Under this caption $9,330.33 was expended for drayage and $60,295.97 was spent for freight and

express. Large quantities of supplies are shipped to regional offices, suboffices and training centers. All furniture and supplies that can possibly be obtained from the general supply committee are shipped from Washington. Supplies for trainees, including books, mechanical devices, etc., can be purchased cheaper in large quantities; as a consequence such supplies are shipped largely from central office, with an additional charge in freight and express charges.

The following table gives the freight and express charges by districts, as of July 1, 1921:

District.	Freight and express.	Drayage.	Grand total.
No. 1	$1,394.79	$312.37	
No. 2	3,005.81	775.34	
No. 3	907.28	356.90	
No. 4	1,081.36	235.15	
No. 5	4,892.98	675.09	
No. 6	2,413.16	1,051.98	
No. 7	1,993.60	156.50	
No. 8	3,524.70	232.80	
No. 9	2,345.44	276.41	
No. 10	893.24	116.22	
No. 11	3,016.61	595.35	
No. 12	3,760.13	191.00	
No. 13	1,544.76	582.49	
No. 14	1,729.32	606.76	
C. O.	6,253.08	1,025.91	
Total	38,756.56	7,191.27	$46,947.83
Amount expended July 1-Sept. 1	21,539.41	2,139.06	
Total	60,295.97	9,330.33	69,626.23

PRINTING.

The CHAIRMAN. The next item is for printing, and it appears that for 1921 you had an expenditure of $90,257.94, while for 1922 you propose an expenditure of $112,559.40. Why do you print so much?

Col. FORBES. There are a great many necessary forms and pamphlets. It follows that there would be a great deal of printing for such a large population as we are providing for.

The CHAIRMAN. Is this printing done at the Government Printing Office?

Col. FORBES. Yes, sir.

The CHAIRMAN. On bids?

Col. FORBES. No, sir; it is turned over to the Government Printing Office.

The CHAIRMAN. You do not take bids?

Col. FORBES. No, sir.

The CHAIRMAN. I would like to know what it consists of.

Col. FORBES. Printing consists of forms printed by Government Printing Office and the mimeographing and multigraphing of forms by the bureau itself. To give some idea of the large number of forms required in this work, for the period September 1 to November 1, 22,000 No. 107 forms were received in central office from the districts. It is absolutely essential to use these forms,

as it eliminates a large number of typists and stenographers and at the same time simplifies the procedure in expediting the claims of the trainees. Each case folder for the 440,000 men registered contains at least 1 manila jacket 18 by 12 inches; 1 Form 107, giving rate of maintenance pay, school where trainee is being trained, name of trainee and similar information; Form 213, giving personal history of the trainee; Form 119, contract with school to give training to the trainee; Form 116, application for dependency allowance; Form 502, complete medical history of the trainee, giving disability causing vocational handicap. This will give some idea as to the expense for printing and the large amount of work done along this line.

The CHAIRMAN. The total administrative cost here is $12,021,343.92 as against an expenditure of $9,708,690.32 for 1921. The total expense according to the 1922 schedule appears to be $141,757,308, while the total administrative cost is $12,021,343.92. Do you not think that that is a large proportion for the administrative expense where you do not have to go out and hunt business, or manufacture stuff, or collect accounts, or look after bad debts, or sue people in the courts, or that sort of thing? You would not have any such overhead charges as that in any private business. If you had, it would not last 15 minutes.

Col. FORBES. We have a much less overhead charge than any other institution of the country. It only costs the Government about 6 per cent to do business.

The CHAIRMAN. The cost represented here is 9 per cent, as nearly as I can figure it; $12,021,343.92 is about 9 per cent of $141,757,308.

Col. FORBES. I am speaking of the whole organization.

The CHAIRMAN. We are dealing with this one thing, and this appears to be 9 per cent.

Col. FORBES. Yes, sir.

ALLOWANCES.

The CHAIRMAN. That is outrageous. The next item is for the allowance, and that amounts to $111,388,782.24 as against an expenditure of $77,966,753.20 in 1921. In this connection, I wish you would be kind enough to give us the total number of men to whom allowances are being made, with the average allowance to each man, and a statement showing whether the $111,000,000 is an actual reality, or is just what you anticipate. If it is an anticipated amount we want to know how you reach it.

Mr. ROUTSONG. The explanation I made a little while ago of this table applies to that figure—that is to say, we used the total amount actually paid for allowances in 1921, and took the number of trainees per month, or the number of months of maintenance pay actually paid as the basis. That is an estimate.

The CHAIRMAN. We would like to have it in detail, without, however, going into too much detail, because we will have to explain in the House. Of course, we can not state it in the House if we can not get it here. We would like to have you put the schedule of allowances in your answer in the record.

Col. FORBES. The following statement shows the number of trainees to whom maintenance allowance checks were sent as of October 15, showing the number receiving each of the various amounts from

$80 to $170 per month. Ninety thousand one hundred and forty-three men were receiving over $10,435,000 per month or at the rate of about $125,000,000 per year. In estimating $111,388,782 as the amount necessary for maintenance allowance this year, it was assumed that a policy which would assure prompt rehabilitation, without working an injustice either to the man or to the Government, would be inaugurated.

Statement of the number of trainees receiving each of the various monthly amounts of allowances for maintenance as of Oct. 15, 1921.

Amount per trainee.	Number trainees.	Amount of maintenance allowance for month.	Amount per trainee.	Number trainees.	Amount of maintenance allowance for month.
$80	2,057	$164,660.00	$145	9,010	$1,306,450.00
$90	1,247	112,230.00	$147.50	25	3,687.50
$100	47,606	4,760,600.00	$150	241	36,150.00
$105	18	1,890.00	$152.50	1,647	251,167.50
$110	255	24,750.00	$155	680	105,400.00
$115	1,032	118,690.00	$157.50	406	63,945.00
$120	253	30,360.00	$160	67	10,720.00
$125	1,639	204,875.00	$162.50	323	52,587.50
$130	6,625	861,250.00	$165	87	14,355.00
$132.50	307	40,677.50	$167.50	76	12,730.00
$135	14,466	1,952,910.00	$170	86	14,620.00
$137.50	47	7,462.50			
$140	1,848	258,720.00	Total	90,143	10,435,840.00
$142.50	105	14,962.50			

	Per month.
Man	$80.00
Man with wife and no children	115.00
Man with wife and 1 child	125.00
Man with wife and 2 children	132.50
Man with wife and 3 children	137.50
Man with wife and 4 children	142.50
Man with wife and 5 children	147.50
Man with wife and 6 or more children	150.00
Man with no wife but 1 child	105.00
Man with no wife but 2 children	112.50
Man with no wife but 3 children	120.00
Man with no wife but 4 children	130.00
Man with no wife but 5 children	135.00
Man with no wife but 6 children	140.00
Man with no wife but 7 children	145.00
Man with no wife but 8 or more children	150.00
Man with no wife and no children but with 1 dependent parent	110.00
Man with no wife and no children but with 2 dependent parents	120.00
Man with wife and 1 dependent parent	125.00
Man with wife and 2 dependent parents	135.00
Man with wife and 1 child and 1 dependent parent	135.00
Man with wife and 1 child and 2 dependent parents	145.00
Man with wife and 2 children and 1 dependent parent	142.50
Man with wife and 2 or more children and 2 dependent parents	150.00
Man with wife and 3 children and 1 dependent parent	147.50
Man with wife and 4 or more children and 1 dependent parent	150.00
Man with no wife but 1 child and 1 dependent parent	115.00
Man with no wife but 1 child and 2 dependent parents	125.00
Man with no wife but 2 children and 1 dependent parent	122.50
Man with no wife but 2 children and 2 dependent parents	132.50
Man with no wife but 3 children and 1 dependent parent	130.00
Man with no wife but 3 children and 2 dependent parents	140.00
Man with no wife but 4 children and 1 dependent parent	140.00
Man with no wife but 4 children and 2 dependent parents	150.00

	Per month.
Man with no wife but 5 children and 1 dependent parent	$145.00
Man with no wife but 6 or more children and 1 dependent parent	150.00
Man with dependent grandchild or dependent brother or sister	105.00

Effective July 1, 1920, the amount shown in the above schedule was increased—

(*a*) Ten dollars to all trainees residing where the average cost of lodging and table board for an individual is $40 or more per month and less than $45 per month.

(*b*) Twenty dollars to all trainees residing where the average cost of lodging and table board for an individual is $45 or more per month.

(*c*) The above schedule without change will apply to trainees residing where the average cost of lodging and table board for an individual is less than $40 per month.

CONSTRUCTION AND LABOR.

The CHAIRMAN. For construction and labor, the expenditure in 1921 was $75,661.72, while for 1922 your estimate is $56,279.70. What do they construct?

Col. FORBES. That is construction work in the reconstruction of training centers.

The CHAIRMAN. Do we own those centers? Do you mean in shops where the men work?

Col. FORBES. Yes, sir; some of them.

The CHAIRMAN. How many are under the jurisdiction of the Government?

Col. FORBES. At the present time we have seven Government shops and seven Government training centers. They are not all owned by the Government.

The CHAIRMAN. Do we construct shops that we do not own?

Col. FORBES. No, sir. We alter some of the shops to suit the use to which they are to be put.

The CHAIRMAN. Why.

Col. FORBES. These were leases made before we took the Rehabilitation Division over.

The CHAIRMAN. Do we pay the people whose shops we use?

Col. FORBES. Yes, sir.

The CHAIRMAN. Will you be kind enough to state in your answer to this question the conditions under which those leases were made, how many of them exist, the length of time for which they were made, the amount of rent we pay in each instance, the names of the lessors, and the construction work that we are obliged to do in addition to the lease, and why we are obliged to do it.

Col. FORBES. I would like to have the committee look at some of those leases when we bring this material up to you. I would like for you to see them.

The Federal board allotted funds for alterations and repairs for each training center in accordance with the recommendation of the district vocational officer in whose district the center was located. No itemized record was kept in the central office at Washington either of the expenditures approved, following the allotment, by the district vocational officer, or of unexpended balances out of allotments. It was left entirely in the hands of the district officer. Immediately upon the organization of the Veterans' Bureau, this practice was stopped.

I am now investigating the status of each allotment, but it will take some time. The following statement shows the centers to which such allotments were made, the date authorized by the board, and the amounts involved:

Training center.	Allotment No.	Date.	Amount.
District No. 1:			
Rutland, Mass	3952	June 23, 1920	$2,000
	4509	July 28, 1920	25,000
District No. 2:			
Hartford, Conn	8219	Jan. 25, 1921	7,900
	12900	July 12, 1921	3,000
Liberty, N. Y	4641	Aug. 4, 1920	5,000
	12902	July 12, 1921	4,500
New York, N. Y	7267	Dec. 18, 1920	10,000
Saranac Lake, N. Y	1643	Feb. 27, 1920	1,500
	7829	Jan. 12, 1921	1,000
District No. 3:			
Pocono Pines, Pa	10517	Apr. 18, 1921	50,000
District No. 4:			
Baltimore, Md	3973	June 25, 1920	5,000
	4340	July 17, 1920	37,500
	7349	Dec. 21, 1920	4,000
	7997	Jan. 18, 1921	14,500
	11361	May 17, 1921	16,500
	12207	June 16, 1921	[1] 5,000
Silver Springs, Md	12116	June 13, 1921	70,000
	12908	July 12, 1921	10,000
Charleston, W. Va	10115	Apr. 2, 1921	1,500
Parkersburg, W. Va	10116	.....do.....	1,500
	11625	May 24, 1921	[2] 1,000
Richmond, Va	5418	Sept. 17, 1920	1,000
	10406	Apr. 14, 1921	3,000
	12082	June 11, 1921	1,000
Roanoke, Va	8075	Jan. 21, 1921	1,000
	10407	Apr. 14, 1921	1,500
	13240	July 27, 1921	1,500
District No. 5:			
Atlanta, Ga	9986	Mar. 28, 1921	5,000
	11287	May 13, 1921	28,500
Charlotte, N. C	6341	Nov. 2, 1920	1,000
	10511	Apr. 18, 1921	1,500
Chattanooga, Tenn	3813	June 15, 1920	1,000
	10510	Apr. 18, 1921	2,000
Nashville, Tenn	6795	Nov. 26, 1920	1,000
Raleigh, N. C	6342	Nov. 2, 1920	1,000
Waynesville, N. C	8652	Feb. 9, 1921	25,000
	12809	July 12, 1921	15,000
District No. 6:			
Birmingham, Ala	7549	Jan. 4, 1920	2,500
	13231	July 27, 1921	2,500
Jackson, Miss	9869	Mar. 24, 1921	1,500
	13232	July 27, 1921	2,000
Lafayette, La	9578	Mar. 14, 1921	1,500
	13233	July 27, 1921	1,500
Mobile, Ala	6999	Dec. 7, 1921	2,500
	13235	July 27, 1921	1,000
Meridian, Miss	7771	Jan. 11, 1921	1,000
	13234	July 27, 1921	1,500
Montgomery, Ala	9870	Mar. 24, 1921	2,000
New Orleans, La	13237	July 27, 1921	1,500
Pascagoula, Miss	8953	Feb. 18, 1921	60,000
	11360	May 17, 1921	60,000
District No. 8:			
Aurora, Ill	5419	Sept. 17, 1920	1,000
	7860	Jan. 13, 1921	1,000
	11354	May 16, 1921	500
Danville, Ill	4216	July 9, 1920	2,000
Grand Rapids, Mich	6179	Oct. 23, 1920	3,000
Green Bay, Wis	8720	Feb. 12, 1921	500
	13242	July 27, 1921	250
Joliet, Ill	6982	Dec. 6, 1920	500
	9066	Feb. 23, 1921	500
	9545	Mar. 12, 1921	500
Kalamazoo, Mich	12844	July 11, 1921 [3]	1,000
Nauvoo, Ill	7398	Dec. 23, 1920	32,000
	12522	June 28, 1921	[4] 27,750
	12905	July 12, 1921	10,000
	1324	July 27, 1921	[5] 25,000
Racine, Wis	5552	Sept. 22, 1920	1,000
	10330	Apr. 11, 1921	500
Saginaw, Mich	7627	Jan. 6, 1921	1,000
	9427	Mar. 10, 1921	500

[1] For repairs.
[2] For alteration on building.
[3] Previous to this time carried under allotment for Pine Crest Sanitorium.
[4] For alterations and additions.
[5] For dormitory equipment and staff house.

Training center.	Allotment No.	Date.	Amount.
District No. 8—Continued.			
Springfield, Ill	7036	Dec. 8, 1920	$1,000
	12842	July 11, 1921	1,000
Mason City, Iowa	6885	Dec. 2, 1920	[6] 1,000
Minneapolis, Minn	10116	Apr. 5, 1921	5,000
	13344	Aug. 2, 1921	5,000
Alamosa, Colo	9369	Mar. 14, 1921	1,500
Albuquerque, N. Mex	11272	May 13, 1921	1,000
Colorado Springs, Colo	7462	Dec. 29, 1920	3,000
	9362	Mar. 8, 1921	2,000
	12897	July 12, 1921	5,000
Denver, Colo	6022	Oct. 15, 1920	3,000
	8888	Feb. 17, 1921	2,000
	9754	Mar. 19, 1921	3,000
	12015	June 9, 1921	5,000
Fort Lyon, Colo	7578	Jan. 4, 1921	1,000
	10146	Apr. 4, 1921	1,000
	12899	July 12, 1921	500
Las Vegas, N. Mex	8766	Feb. 12, 1921	1,000
	11271	May 13, 1921	1,000
	11670	May 26, 1921	1,000
	12903	July 12, 1921	1,000
Pueblo, Colo	7594	Jan. 5, 1921	2,000
	10145	Apr. 4, 1921	2,000
	10920	May 3, 1921	1,000
Santa Fe, N. Mex	8589	Feb. 7, 1921	1,000
	9166	Feb. 26, 1921	[7] 500
	10922	May 3, 1921	1,000
Alpine, Calif	8950	Feb. 18, 1921	1,000
Fresno, Calif	66530	Nov. 18, 1920	2,500
	12083	June 11, 1921	1,000
	13012	July 18, 1921	500
Los Angeles, Calif	12904	July 12, 1921	3,000
San Diego, Calif	7682	Jan. 7, 1921	2,000
	1	Aug. 23, 1921	1,000
Portland, Oreg	8613	Feb. 8, 1921	20,000
Seattle, Wash	7717	Jan. 10, 1920	30,000
El Paso, Tex	8767	Feb. 12, 1921	1,000
Fort Worth, Tex	11624	May 24, 1921	1,000
Oklahoma City, Okla	8768	Feb. 12, 1921	1,000
	11622	May 24, 1921	1,000
San Angelo, Tex	5906	Oct. 8, 1920	1,000
	7688	Jan. 8, 1921	1,000
	8951	Feb. 18, 1921	1,000
San Antonio, Tex	10220	Apr. 7, 1921	36,000
	12912	July 12, 1921	10,000

[6] Transferred to Des Moines, Iowa, allotment Aug. 20, 1921.
[7] For rental.

The CHAIRMAN. We would be glad to see them, but we would like to have this analysis made by your experts.

Col. FORBES. You will have the analysis.

INSTITUTIONAL EQUIPMENT.

The CHAIRMAN. The next item is for institutional equipment, for which the expenditure for last year was $349,681.07, while for next year you estimate $866,707.38. I would like to have you tell us what this institutional equipment is.

Col. FORBES. That is all mechanical equipment.

The CHAIRMAN. Do we own the institutions?

Col. FORBES. No, sir; not the institutions, but we do own the equipment.

The CHAIRMAN. In all places where men are assigned the equipment is supplied by the Government?

Col. FORBES. Not at all places; no, sir.

The CHAIRMAN. It seems that you are going to supply a good deal more equipment at institutions we do not own.

Col. FORBES. I might say that a good many of these contracts for equipment were made before the amalgamation of the bureaus. Some of them we had to go through with, while some of them we refused to go through with. For instance, I refused to open bids for the moving-picture machines that came in the sum of $100,000 plus $500 per month for the film service, because we had lots of moving-picture machines belonging to the Government that we could use.

The CHAIRMAN. Were those machines for the entertainment of the men?

Col. FORBES. For instruction, principally.

The CHAIRMAN. What is this institutional equipment?

Col. FORBES. That means equipment put into those shops, into schools, and into hospitals. We had a great deal of equipment shipped to hospitals that I have disapproved of, believing that if a man could follow a vocational period of training in a hospital he should not be hospitalized, but put in a vocational training school. There was a great deal of that, and that also applies to occupational therapy and all equipment in the hospitals.

The CHAIRMAN. Does the fact that the Government supplies equipment in these institutions make any difference in the amount that they have to pay the institutions?

Col. FORBES. No, sir; not a bit.

The CHAIRMAN. Would it not seem rather strange that we should employ institutions to do the work in this training for the Government, and then supply them with the machinery that they have to use?

Col. FORBES. It does; and it is absolutely wrong. One of the great evils in this situation is the purchasing of equipment lax methods in accounting for tools supplied to trainees. I do not believe the Vocational Board could produce $15 worth of the tools that they supplied to trainees.

Mr. WOOD. What became of them?

Col. FORBES. I do not know.

The CHAIRMAN. What is the policy now?

Col. FORBES. We furnish so many tools, and hold the man responsible for them.

The CHAIRMAN. I mean in the matter of supplying institutions with equipment?

Col. FORBES. We are not doing that any more in these private institutions.

Mr. BLACK. The Government retains title to the institutional equipment.

The CHAIRMAN. The expenditure for institutional equipment in 1921 was $349,681.07, while you are estimating for 1922 $866,707.38.

Mr. BLACK. A lot of those obligations came over with the transfer.

INSTRUCTORS AND JOB EMPLOYEES.

The CHAIRMAN. For instructors and job employees the expenditure for 1921 was $132,569.04, while for 1922 you are estimating $225,118.80. Tell us about that.

Col. FORBES. Instructors are employed chiefly to instruct men in placement training. An instructor will rarely have more than one man under him, and in a way this is similar to apprentice training.

The amount paid the instructors is comparatively small, as the man presumably assists him with his work and at the same time learning the trade. Instructors should not be confused with teachers, who are discussed under a separate head.

MEDICAL ATTENTION, MEDICAL EXAMINATION, AND MEDICAL SUPPLIES.

The CHAIRMAN. For medical attention, medical examination, and medical supplies, the expenditure in 1921 was $76,694.37, and you are estimating for 1922, $146,327.22.

Col. FORBES. That also includes medical examinations.

The CHAIRMAN. How many medical men have you employed, how many medical examinations have been made, and what amount of medical supplies has been purchased? All of that should be enumerated in your answer to this question.

Col. FORBES. The number of medical men employed by the board on a salary basis was comparatively small. The majority of physicians performing these examinations were on a fee basis and were allowed $3 for an examination. The amount spent for medical supplies was very small; for the fiscal year 1921 it amounted to $876.95. Medical attention, $4,945.47. Therefore the greater part of this expenditure was for examinations to determine eligibility and fitness for training paid in fees.

MISCELLANEOUS.

The CHAIRMAN. For the item of miscellaneous, the expenditures in 1921 were $61,682.58, while you are estimating for 1922, $56,279.70. What does "miscellaneous" in this connection mean?

Mr. ROUTSONG. I believe our chief clerk can answer that.

Mr. BLACK. That includes postage and street car fares.

Col. FORBES. Why do we pay postage?

Mr. BLACK. Because it is necessary to register the notices to the trainees when they enter for training. Then, it is necessary to pay postage on all training supplies weighing over 4 pounds. You can not ship more than 4 pounds to one person in any one day under a Government frank. For all over that you must pay postage. Furthermore, you can not subdivide them into two packages so as to evade the postal regulations, but you must pay that postage. For instance, if you have a man in training in Richmond, Va., and you want to ship him some carpenter tools or drafting tools that weigh more than 4 pounds, you have to pay postage on them.

The CHAIRMAN. Would not that come under the head of freight and express charges?

Mr. BLACK. Yes, sir; but sometimes we find it cheaper to do this.

The CHAIRMAN. You have an item of over $90,000 here for freight and express charges.

Mr. BLACK. We use a great deal of postage in the shipment of books where the weight is over 4 pounds.

The CHAIRMAN. Would not those expenditures be classified under freight and express?

Mr. BLACK. This is cheaper and saves time.

The CHAIRMAN. As I have said, you have an item of over $90.000 for freight and express, and it would appear that you are including this same sort of stuff under the head of "miscellaneous."

Mr. BLACK. No, sir; we use whichever is the cheapest method. If we have a large shipment, and have the time, we send it by freight. If it is a smaller quantity, we send it by express, and we also utilize the Postal Service. Out of Washington you can use the Postal Service.

Col. FORBES. Moreover, we are taking over from the Army and Navy and other Government agencies a lot of equipment that they have on hand, and while we do not have to pay for the equipment; we have to pay the freight and express charges on it.

The CHAIRMAN. You put those expenditures under the head of freight and express, and, it seems to me, you should not put them under both of these heads.

Mr. BLACK. We have to reimburse the Army and Navy for the expense of packing articles. Another expense is for street car tokens and fares.

The CHAIRMAN. Do you class that as miscellaneous?

Mr. BLACK. We do.

SUBSISTENCE.

The CHAIRMAN. For subsistence, the expenditures in 1921 were $96,606.53, while you are estimating for 1922 $123,815.34. What does that consist of? Is that subsistence for men in training?

Col. FORBES. No, sir; we do not subsist the men in training. This provides for men who are in for examination and for authorized transfers. They receive $3 per day while in the district offices or local offices.

The CHAIRMAN. Does the law provide for that?

Col. FORBES. I believe it does in the vocational act.

The CHAIRMAN. That is in accordance with the law, is it?

Col. FORBES. Yes, sir; it is for the meal tickets.

The CHAIRMAN. Is it provided for by law?

Mr. BLACK. I can not find the section, but the auditor has been passing those bills for two or three years, so they must be all right.

TEACHERS' SALARIES.

The CHAIRMAN. The next item is teachers' salaries. How do you differentiate teachers from instructors? The teachers' salaries last year were $394,003.48, and this year you propose $1,294,433.10. In order to have an intelligent conception of the reason for this increase it seems to me we ought to be able to know the number of men that were employed as teachers last year, the rate of pay they received, the number of men it is proposed to employ this year, the rate of pay they are to receive, and why the increased number.

Col. FORBES. Teachers' salaries for the first nine months of the fiscal year 1921 were carried under administrative salaries, in the Vocational Board's accounts. The figure $394,003.48 is for the last three months of the fiscal year, or at the rate of $1,500,000 per year. Prior to that time the expense was charged to overhead expense, but

since the salaries of teachers are largely in lieu of tuition, it was changed to direct expense as of April 1, 1921.

The following is a list of all teachers as of July 1, before the Veterans' Bureau was organized. It shows approximately the present situation. As the estimate shows, it is not planned to increase the net number of teachers this year.

Teachers and educational directors employed in training centers as of July 1, 1921.

District.	Number of teachers.	Salaries.	Directors.	Salaries.	Total certified instructors.	Total salaries.
No. 1	26	$49,720.96	8	$16,300.00	34	$66,020.96
No. 2	72	131,400.00	7	15,100.00	79	146,500.00
No. 3	17	29,900.00	12	23,600.00	29	53,500.00
No. 4	96	187,650.00	6	13,600.00	102	201,250.00
No. 5	80	120,900.00	29	57,400.00	109	178,300.00
No. 6	66	118,449.60	13	25,700.00	79	144,149.60
No. 7	43	77,100.00	20	39,500.00	63	116,600.00
No. 8	76	139,300.00	26	49,750.00	102	189,050.00
No. 9	23	40,500.00	10	21,200.00	33	61,700.00
No. 10	23	41,000.00	9	17,400.00	32	58,400.00
No. 11	61	106,600.00	16	32,600.00	77	139,200.00
No. 12	47	83,300.00	21	41,200.00	68	124,500.00
No. 13	12	14,900.00	7	22,580.00	19	37,480.00
Yo. 14	45	80,540.00	11	23,200.00	56	103,740.00
Total	687	1,228,940.56	195	391,450.00	882	1,620,390.56

NOTE.—This does not include teachers employed at Pocono Pines and Silver Springs, as they were opened after July 1, 1921.

The CHAIRMAN. That is what we would like to know.

Mr. ROUTSONG. In this connection I would like to say that at the beginning of 1921 there were 40,000 men in training and at the beginning of 1922 we had 90,000 in training.

The CHAIRMAN. What did you have at the end of 1921?

Mr. ROUTSONG. We had 85,338, and then it increased gradually.

The CHAIRMAN. What was the average?

Col. FORBES. It would be about 62,500.

The CHAIRMAN. If the average was 62,500 and the most you expect this year will be 97,500, the average would be 93,000, as you told us yesterday. Now, there will be 93,000 this year as against 62,000 last year, and the difference in the cost for teachers is $900,000 for 30,000 more trainees. I do not see how you can justify that.

Col. FORBES. We will itemize that carefully for you.

The CHAIRMAN. You would have to itemize it very carefully to make me believe it is justifiable. I can not see how you can reconcile the figures. Of course, we are not disposed to prevent these men from getting what they are properly entitled to, but we are disposed to criticise any extravagant waste of money in the administration of the work that is done in connection with their training.

Mr. BYRNS. My attention was called to an article that appeared in the New York Evening Post—I suppose, Colonel, you have seen the article—in which criticism was made that it was costing, I think, 7 per cent for administration, or, in other words, for every $100 paid for a soldier, $7 was expended for employees in the bureau. I do not know whether that is an excessive overhead or not.

Col. FORBES. I do not know of any business that is operating for an overhead of 7 per cent.

The CHAIRMAN. But this is not a business. You do not have to go out and get business; you do not have to go out and collect accounts; all you have to do is to administer the fund that is handed to you.

Col. FORBES. But the fund that is handed to us, Mr. Chairman, has to do with the business of the organization, and while we do not ave to go out and solicit business and collect, we are put to a very great deal of administrative inconvenience that is costly, so that I believe it is fair to make a comparison between this organization and an outstanding business institution, and I say I do not believe there is any up-to-date business organization that is operating for 7 per cent.

Mr. WOOD. You do not have any taxes to pay.

Col. FORBES. I know that.

Mr. WOOD. You do not have any rents to pay.

Col. FORBES. We have lots of rents to pay.

Mr. WOOD. You do on the outside, but I mean that in your administrative offices here you have no rents to pay, and you do not have any interest to pay upon the investment.

Col. FORBES. We have 14 district offices and 124 suboffices for which we have to pay rent.

The CHAIRMAN. The thing I am particularly anxious to know about is why it will cost $1,294,000 in 1922 to do 33 per cent more work than you did last year for $394,000. That is what puzzles me.

Col. FORBES. I want to be perfectly frank with you, Mr. Chairman, and state that these figures are subject—and rightfully and reasonably so—to the criticism you offer, because we took over the Federal board in such a condition that it has been very difficult for us to get all of the facts on expenditures.

The CHAIRMAN. Are we to conclude from that that you do not need as much money as you are indicating?

Col. FORBES. I would not say that, but that may be revealed on giving you information you are seeking, which we will do.

Mr. GALLIVAN. Who made up these estimates?

Col. FORBES. Our statistician, Mr. Routsong.

Mr. GALLIVAN. Were you with the Vocational Board, or were you always with the War Risk Bureau?

Mr. ROUTSONG. I was with the War Risk Bureau, and I simply had to take over their records and gross figures on actual disbursements and prorated those as best we could on the basis of the expected number of trainees. In doing this, we found, as Col. Forbes has explained, that it was impossible to find out where all of this money went in detail.

Mr. GALLIVAN. It is brand new work for you, is it not?

Mr. ROUTSONG. It seems that no one had gone very deeply into it. Therefore we found it necessary to find a unit of cost, and I believe that the cost per trainee per month is a safe unit to take for this work.

The CHAIRMAN. But we are talking about teachers' salaries now.

Mr. ROUTSONG. Yes, sir. Just as we took the total amount, so we took each item and made some variations in one or two instances, which I will be very glad to explain in showing this information in detail. It was assumed, further, that appropriations would not be made for these specific items, but in a lump sum, which would give

the director an opportunity, after he has had time to make a full analysis, to divert these sums where good business judgment showed they should be diverted.

The CHAIRMAN. In other words, you assumed we were not going to ask for any information and that you were going to have granted whatever you asked, but you are mistaken about that. That is not what we are here for. The people pay these taxes and many of these soldiers have to pay taxes, and we do not propose to allow any excessive burden just because somebody says they want something.

Col. FORBES. That was never my understanding of the situation, and I am very glad you seek such information, for this committee should have it. We have been trying, in the short space of time we have had the Federal Board, to get at the bottom of these figures, and this is the result of the investigations we have made in the short period we have this responsibility, and I agree with you that you should have it.

The CHAIRMAN. If it costs four times, or substantially four times, as much to train 93,000 men, that is, just for teachers' salaries, as it costs to train 62,000 men, then we want to know why that is, and that is what these figures disclose.

ESTABLISHMENT OF GOVERNMENT SCHOOLS AT CAMPS.

(See pp. 340, 344, 361.)

Col. FORBES. Taking as a basis the amount disbursed in the last quarter for teachers' salaries, which is at the rate of $1,500,000 per year, the amount of $1,294,433 requested for this year is really less for 93,000 men than it cost last year for 63,000 men. The amount requested this year includes instructors and teachers in our new governmental institutions, such as Camp Sherman and the other schools which we hope to inaugurate.

The CHAIRMAN. When do you expect to inaugurate them?

Col. FORBES. Camp Sherman will be ready to receive about 500 trainees the 1st of December, with the housing complete and the instructors on the ground, also with a hospital.

The CHAIRMAN. It would not include more than 93,000, on the average, for the year 1922, according to your own figures.

Col. FORBES. We hope to have 3,000 trainees in that school.

The CHAIRMAN. But you have already said to us that 97,500 is to be the maximum, and that the average for 1922 would be 93,000; the average last year was 62,000, and the cost for the 93,000 is nearly four times as much as it was for the 62,000.

Col. FORBES. I trust that I have made it clear that this statement is not borne out by the facts as presented above, after investigation of the board's accounts.

The CHAIRMAN. The next item is training supplies.

Mr. KELLEY. What is the difference between an instructor and a teacher?

Col. FORBES. The teachers teach the academics and the instructors teach the trades.

Mr. GALLIVAN. What is the item for instructors?

The CHAIRMAN. The item for instructors, as given here, is $225,000, instructors and job employees combined, $225,000.

Mr. GALLIVAN. As against what?

The CHAIRMAN. It was $132,000 last year.

Mr. KELLEY. It may be that the work last year was largely among men who were training, and that this year you may be going more extensively into academic instruction.

Col. FORBES. Academic instruction, the trades, agriculture and horticulture.

Mr. KELLEY. When you supply information as to the number of teachers you employed last year and the number you intend to employ will disclose the situation.

Col. FORBES. Yes, sir.

Mr. BYRNS. Speaking generally, what is the percentage of those taking academic training?

Col. FORBES. The percentage?

Mr. BYRNS. Yes.

Col. FORBES. Well, there is introduced into all of these so-called prevocational schools an academic procedure, or a tryout, as the old Federal Board called it, to determine just what a man's mental capacity was, and it might be safe to presume that 30 per cent of them are engaged in some of the ratings as established by the Federal Board known as academic work. We who have been in college, however, understand more clearly academic education, but it has been broadened in its interpretation by the Federal Board. The following is an analysis of the course pursued by 108,997 men who had entered training to July 1, 1921.

Analysis of courses pursued by trainees, as of July 1, 1921.

Courses pursued:	Number of trainees.
Business	29,522
Mechanical trades	15,114
Agriculture	14,666
Professional	11,021
Prevocational and tryout	10,854
Metal trades	9,011
Electrical trades	7,963
Trades and industries	5,468
Building trades	2,271
Advertising trades	1,840
Crafts	1,267
Total	108,997

Mr. ANTHONY. What kind of instruction are you going to carry on at Camp Sherman?

Col. FORBES. We are going to teach all of the trades, agriculture and horticulture. We are going to use a good many of the epileptics in teaching agriculture and horticulture. There are some 8,000 epileptics who are without hospitalization at the present time and who are entitled to vocational training. Heretofore the Federal Board has held that an epileptic man was not eligible for training, due to the fact that employers do not want an epileptic in their institution for fear of injury or death from the mechanical installations in their plants, and so they have sought to keep them on a compensation status. But the medical faculty holds that there are a number of pursuits that epileptics can follow without any danger to themselves, and they specifically encourage and state that agriculture and horticulture are the two vocations that they should take up.

TRAINING SUPPLIES.

The CHAIRMAN. The next item is training supplies. Last year the amount was $1,967,226.42 and this year it is proposed to expend $3,444,317.64. Why the difference?

Col. FORBES. In explanation of that, each trainee taking either a trade or a science or a profession is furnished with law books, for a lawyer, and all of the necessary stationery and other material required by the university or the school, and after the completion of his course he has been furnished a reasonable amount of literature in the way of books to engage in his work. With the trades it is the same thing. We have some several hundred barber colleges where we give a man when he goes into the school a complete set of razors, clippers, and other necessary tools, and then equip him when he leaves the school to follow his vocation. I agree with any one reasonably considering these two sums that the increase for these tools does appear excessive, but as the vocational act provides for the rehabilitation of men and goes so far as to use the term "employment" also, we think we must by an interpretation of the board—I do not say we must, but it has been done heretofore—hold these men on a compensation status until they have been furnished with employment. In many instances we have found that the tools have been hocked, even the tools that were supplied to a man who was sent to placement training, and that was due, in large measure, to the nonattendance of the man as the result of his physical condition. He would spend a short portion of his time in his job or in his school and then be away, and being a part of the great cosmopolitan population that made up the Army, a man believes these tools are his property and not the property of the Government, and in many instances you can not charge a man with theft because it was due to a lack of knowledge as to his rights, which were not thoroughly and properly explained to him in the past, and this applies particularly to the foreigners.

Mr. WOOD. There is nothing in the law that justifies you in furnishing a man with a library to practice law after he gets a law education or a medical man with a medical library.

Col. FORBES. You must furnish them with text books.

Mr. WOOD. For use in their profession after they have gone out?

Col. FORBES. When they graduate.

Mr. WOOD. I say, there is nothing in the law that justifies that.

Mr. BLACK. The textbooks, sir, for the instruction of the men, and it was a regulation.

Mr. WOOD. I understood the colonel to say that after they go out into practice you furnish them with books.

Mr. BLACK. They do; they take those books with them, and that has been the regulation of the Federal board.

Mr. WOOD. If it is a regulation, I think it is an abuse of the law, because it seems to me it is only your business to furnish these textbooks for the purpose of giving them their education.

Col. FORBES. We have already discontinued that insofar as possible.

The CHAIRMAN. We will assume that training supplies were furnished to 62,000—and according to your figures training supplies this year will be furnished to 93,000—and we will assume, if you please, that the same standard of supplies will be furnished to the 93,000

that were furnished to the 62,000. If that assumption is correct, how do you calculate it will cost $3,444,317.64 for 93,000 as against $1,967,000 for 62,000?

Col. FORBES. That is again a presumption of what might be called the expectancy of having a greater number of men.

The CHAIRMAN. But you can not justify that statement.

Col. FORBES. You can not with a statement that shows the number we expect; that is true.

The CHAIRMAN. You can not justify that statement in view of the statement you have already given. You have given us a definite maximum beyond which you are sure you will not go, and you can not justify any greater expectancy than that.

Col. FORBES. Well, personally I expect a greater population, although the figures must have been based on what was shown in the other expectancy.

ESTABLISHMENT OF GOVERNMENT SCHOOLS AT CAMPS.

(See pp. 337, 344, 361.)

Mr. KELLEY. Let me ask you this: Is it your policy to take boys out of institutions where the expense is now borne under the head of tuition, we will say, and put them into these camps where the expense will fall under the head of teachers and very many other expenses like those which the chairman now mentions, equipment, and all that sort of thing? Let me see whether you get my question. Suppose that at the present time you are sending students to the University of Illinois or the University of Michigan; that expense will come under the head of tuition; it will not come under the head of instructors, teachers, equipment, or anything of that kind. Now, if you take those boys out of institutions and put them in camps, then the expense would be divided up under the head of teachers, equipment, and all that sort of thing. Is that your policy?

Col. FORBES. No, sir; it is not. It is not my policy to take men from accredited schools, nor is it my policy to teach any of the sciences in these schools. There is a population of men floating around in so-called placement training whom the employer does not see fit to continue in training, and he tells a man, "If you will do janitor work or drive a truck, and do so and so, we will pay you $10 or $15 a week." Now, many men would rather do that, but when business is slack they are discharged, and many of them have been discharged, and they have been carried on a vocational status and receiving their pay. That is the class of men I am seeking to teach.

Mr. KELLEY. You intend to discontinue the training of men in the industries on the outside?

Col. FORBES. Only in objectionable shops and places.

Mr. KELLEY. And put those boys into these camps?

Col. FORBES. Yes, sir; and I would like to have the committee see the first one we will have ready, which will be in a few weeks.

Mr. KELLEY. Without any information on the subject, I have been rather disposed to think that the camp idea is not a good one.

Col. FORBES. It is not a camp idea, and I wish you would get that out of your minds. It is not a camp idea. We are taking all of the community buildings, and they are splendid buildings. Each man going into such a school will have his own room; he will have a fine bed and warm blankets; he will have a rug on the floor; he will

have a dresser; and there will be sufficient baths to take care of everybody. He will have his churches and his community centers. We are demolishing all of the so-called barrack buildings and taking the land and cultivating it. These men are going to be very happy there, and we have had a great many applications to go to these schools. We are going to give practical instruction and less of the theoretical instruction, and I believe that when we send a man from that school, whether he be a carpenter, a plumber, or a tinsmith, he is not only going to know the practical application of his trade, but he is going to understand the technique of the trade.

Mr. WOOD. The law provides that these trainees shall receive $100 a month, and if they have dependents they receive an additional allowance. In addition to that you furnish them with their books and you furnish them with their tools for the purpose of receiving their training. Have you made any investigations to see how much more we are paying our boys for their expenses in this $100 a month than is being paid by an outsider for having his boy receive the same character of training?

Col. FORBES. In 90 per cent of the cases, Mr. Wood, we are paying more.

Mr. WOOD. That has been brought forcibly to my knowledge by a number of men who are wealthy and who are sending their sons to school; they are advised by the heads of these institutions that it is an injustice to the boys to send them more money, because in that way they are encouraged to become spendthrifts. And while we ought to be generous with these boys we ought not to be prodigal, and it has occurred to me that in your investigations of this thing it would be a splendid idea, not only with reference to this item but with reference to many of these other provisions, to make a recommendation with reference to amendments of that law. It was passed at a time when everything was a good deal higher than it is now and the expense was a great deal higher, but the tendency now is for things to go down, and it occurs to me that it is indefensible that we should be paying this amount of money to these boys when other people are not paying that much and when it is not necessary for the purposes for which the law was passed.

Col. FORBES. I can speak quite feelingly on this matter myself, because I know what a boy is up against. I have personally gone through it; I shipped before the mast as a boy ten years of age at $6 a month; I have driven a wagon; I have worked here and there, wherever I could get work to do as a youngster and without very much encouragement. I went to night school; I educated myself, and I am one of the heads of a very large engineering concern, a concern that has employed as many as 25,000 men in its work. I did it all without any assistance whatsoever, and if we are not going to assist ourselves in getting along in this life we are not going to make our citizenship better, and so long as men are not properly encouraged and properly educated just so long is this chaotic condition going to exist in our so-called Federal training. I believe we ought to do everything possible, train these boys and as well make them understand their furure responsibilities; that they are looked upon as the coming American population, and that they will be called on to direct our affairs. If we teach them a little Ameri-

canism in addition to the other work we are teaching them, but in Government schools, we will make better men out of them than we are making out of them to-day.

The CHAIRMAN. Let us get down to the travel allowance.

Mr. ROUTSONG. May I just insert a word here? Inasmuch as you are comparing exactly the 62,000 average for 1921 with the estimate for 1922, I want to show in going over these figures how they jumped up in the last few months of the board's existence and which embarrassed us very much in trying to get at true requirements. For instance, from the 1st of May until the 1st of August they increased their personnel by 1,100. Now, on the basis of their number of trainees it was unjustifiable. They paid out millions of dollars more per month between May 1 and August 1, which, on the basis of the number of trainees, seemed unjustifiable, and yet we had to take that into consideration in making up these figures.

The CHAIRMAN. No; you did not. The proper thing for you to take into consideration is this: Have we too many people to do the work?

Col. FORBES. I think there is no question about it.

The CHAIRMAN. Then the only thing to do is to discharge them; you do not have to take them into consideration and provide for them.

Mr. ROUTSONG. I do not say that we are providing for them, but we had to take those figures into consideration and could not take either the previous figures before that date, or the new inflated figures. We tried to choose a middle course; our judgment may have been wrong, but that is the way we tackled the thing.

The CHAIRMAN. Instead of taking into consideration the abnormal figures, which were unjustified, you should have taken into consideration how many actually needed it.

Mr. ROUTSONG. That is just exactly what we did.

The CHAIRMAN. You just admitted that you did not do that.

Mr. ROUTSONG. No; I say that we considered both factors, the early part of the year when, at least judging from the criticism that came from all over the country, they were inadequately cared for, and the latter part of the year——

The CHAIRMAN (interposing). You are talking about the men being cared for?

Mr. ROUTSONG. Yes, sir.

The CHAIRMAN. But these fellows on the pay roll, were they inadequately cared for?

Mr. ROUTSONG. The men were inadequately cared for.

Mr. GALLIVAN. I rather hesitate to say what I am going to say, but I should like to say something once in a while. I do not know whether the departments have too many or too few. The colonel and his associates have said that from their information they have had too many. I can say that in the last few months my requests of the department in behalf of the service men of my district have not been attended to one-sixth as speedily as they used to be. Now, it would appear to me, not having an intensive knowledge of the department, that that might be due to the fact that the employees of the new organization have too much work to do. I want to be charitable when I say that.

The CHAIRMAN. We are dealing with the teachers and supplies furnished to trainees.

Col. FORBES. I said that we found that they had hired 1,100 between May and August.

The CHAIRMAN. We are talking about the vocational training; that has nothing to do with the service work.

Mr. GALLIVAN. I am referring to the requests made of the new Veterans' Bureau.

Mr. KELLEY. This new organization is just being put together and that might be the reason.

Mr. GALLIVAN. I am charitable in what I have said.

Col. FORBES. It took some time to bring these units over into this building and it took some time to consolidate the files. Please bear in mind that we have some 9,500,000 files in the bureau, which represent about 30,000,000 pieces of mail; that is, in the way of affidavits, statements, etc. We are now making a consolidation of all these files, with a view to sending them into the field to complete our decentralization.

The CHAIRMAN. We are talking about teachers in the training schools. Please do not let us get diverted away from that. We can talk about the other things afterward. For the record and for the orderly conduct of this investigation, if you care to call it that, please keep to the record and do not wander away from it too far afield.

Do you add all of this additional amount to training supplies, from $1,987,000 to $3,444,000?

Col. FORBES. It might be best to itemize that with the contracts that have been made for supplies.

TRAVEL.

The CHAIRMAN. Travel, $754,147.98. Be kind enough to tell us what that means?

Mr. KELLEY. Is that increase in the cost of travel due to the new system of decentralized schools?

Col. FORBES. It will be in part, yes, sir. It is the travel of the trainees.

The CHAIRMAN. Of course, that would be out of proportion, compared to the teachers.

Col. FORBES. The proportion would seem fair. The average number of trainees will increase 50 per cent over the number in 1921. The amount disbursed in 1921, was $530,000. Increased by 50 per cent, it would be $795,000 for 1922. We have asked for $754,148.

TUITION.

The CHAIRMAN. Tuition—it seems that tuition for the trainees last year was $7,895,229.59 and this year $11,379,765.34. Please tell us what this tuition consists of.

Col. FORBES. The tuition consists of money paid to universities, schools, other business colleges, and other places of education.

The CHAIRMAN. Please tell us how many institutions you have to which you pay, the kind of institution, the rate of pay, what we get for the pay, and all other details which would be pertinent.

Col. FORBES. The statement which I made when we were discussing tuition answers this question. I will also file a statement showing the tuition paid to each school during the last fiscal year.

ESTABLISHMENT OF GOVERNMENT SCHOOLS AT CAMPS.

(See pp. 337, 340.)

The CHAIRMAN. I think you said something about establishing a new school program of your own?

Col. FORBES. Yes, sir.

The CHAIRMAN. That would involve the elimination of the program that has been in existence. Please tell us what the new school program is to be.

Col. FORBES. What the new school program is to be: We will take the Government schools that will be established in cantonments. The program is to select four or five, not to exceed six, of these cantonments and to make use of such equipment as is in the cantonments and such buildings as can be useful for shops and for domiciles. As an illustration, Camp Sherman has 1,900 buildings. Of these 1,900 buildings we will demolish practically 70 per cent of them and with the salvage we propose to erect for our trainees 800 bungalows.

The CHAIRMAN. Are you entering upon a building program in connection with this?

Col. FORBES. We will make these small houses there.

The CHAIRMAN. Have you the authority to do that? Does the law give you the right to do that?

Col. FORBES. Yes, sir.

The CHAIRMAN. Please point to it,

Col. FORBES. It is temporary construction.

The CHAIRMAN. I think it is worth while to look into that to see whether you have the right.

Col. FORBES. The small buildings are already there. All that is needed is to put porches on those buildings and put the partitions into them. They will make ideal bungalows. Moreover, that class of work will be of a training nature for the men. The men taking carpentry will do the carpenter work and the men taking plumbing will do the plumbing work in these cottages. There is left approximately 4,000 acres of land that can be used for agriculture and horticulture instruction. The community group of buildings will be buildings given by different organizations and by cities within the State to be used for entertainment purposes and for hotels. At Camp Sherman they have a Masonic building, a K. of C. building, a Y. M. C. A. building, a Cincinnati building, a Columbus building, and an Ohio building. These buildings are very well constructed. Most of them are divided into rooms, small rooms, that can be allocated to each trainee for his housing while he is a student there. In addition, the churches are well built and established there. That is true of many of the camps. In Illinois, at Camp Grant, there are many advantages offered, although the buildings are not as good as those at Camp Sherman. Where a construction program may be necessary—on reference to the law I have not decided on any of these cantonments where a large construction program would be necessary, because that would require legislation, but the cantonments offering advantages that would keep us within the law, that we may go ahead with this vocational development, we are attempting to do that.

The CHAIRMAN. Permit me to ask you a question right there. You have outlined the program under which you contemplate taking over six camps?

Col. FORBES. Not to exceed six.

COST TO CONDITION CAMP SHERMAN.

The CHAIRMAN. Will you be kind enough to tell us, if you know, what the anticipated cost of the rehabilitation of Camp Sherman will be and what the annual cost of maintenance of the camp will be after you rehabilitate it?

Col. FORBES. After we rehabilitate it?

The CHAIRMAN. First, give us the cost that would put it into condition, and when put into condition what the annual cost of maintenance will be. Surely you have not undertaken this without knowing the cost.

Col. FORBES. No. The cost to take care of our first 500 trainees will not exceed $20,000.

The CHAIRMAN. You mean that it will cost that much to rehabilitate the camp so as to take care of 500 men?

Col. FORBES. Yes, sir.

The CHAIRMAN. How much will it cost to maintain the camp annually?

Col. FORBES. We hope to have this camp on practically a self-supporting basis.

The CHAIRMAN. Please tell us how.

Col. FORBES. By our agricultural work and the raising of our own foodstuffs.

The CHAIRMAN. You will be able to do more than most farmers can do, will you not?

Col. FORBES. We have a board made up of farmers who are advising with us and who believe, as I believe, that it can be made not wholly at the outset, but ultimately self-supporting. We have in this place so many conveniences that will reduce the cost of maintenance. We have a cold storage plant that will take care of 180,000 pounds of beef; we have an ice plant that will make 40 tons of ice a day, and we have a laundry that can do the laundry work for 20,000 population.

Mr. KELLEY. Is it your idea to make one of these camps into a training school for agriculture?

Col. FORBES. Where the land is available.

Mr. KELLEY. And you have in mind Camp Sherman?

Col. FORBES. And the other camps as well.

Mr. KELLEY. Would it not be better to place the boys in the well established agricultural schools and normal schools throughout the country?

Col. FORBES. No, not the boys who lack the education to take up the science of agriculture in its theory, but the boys who must have the preliminary education to do that. We want to put into this school the boys who have not that preparation.

Mr. GALLIVAN. You are sure about the $20,000 figure for the physical rehabilitation of the camp?

Col. FORBES. Reasonably sure, I would say.

Mr. GALLIVAN. There are 1,700 buildings at Camp Sherman?

Col. FORBES. One thousand nine hundred buildings.

Mr. GALLIVAN. And you propose to demolish those buildings and with the surplus material then build the bungalows?

Col. FORBES. The bungalows are all there; there are 1,200 of them. They are not up to date bungalows, but by a little reconstruction they can be brought up to date.

Mr. GALLIVAN. Are these 1,200 bungalows in addition to the 1,900 other buildings?

Col. FORBES. Yes, sir.

Mr. GALLIVAN. They had at Camp Sherman 2,900 buildings?

Col. FORBES. About 2,900 altogether. I did not mean the small buildings, because we did not purpose demolishing them.

Mr. BYRNS. Does the $20,000 include the cost of equipment that must be put in?

Col. FORBES. That is just for the buildings. The equipment is there. We have some splendid equipment, about $20,000,000 worth; $3,000,000 worth, approximately, is at Camp Sherman, and about $5,000,000 at Camp Grant.

Mr. WOOD. Agricultural tools?

Col. FORBES. Some agricultural tools. The only tools which it will be necessary to purchase will be the heavy agricultural tools, such as the mowers, etc. We have the tractors and I think the plows are at Camp Pike.

LOCATION OF CAMPS CONTEMPLATED.

The CHAIRMAN. Please give us the location of these other five cantonments which you contemplate.

Col. FORBES. They have not been selected as yet, but I will give you a list of those under investigation. Camp Grant, that was an army vocational school. Camp Pike——

The CHAIRMAN (Interposing). Where is Camp Pike?

Col. FORBES. In Arkansas.

The CHAIRMAN. Camp Grant is in Illinois and Camp Sherman is in Ohio?

Col. FORBES. Yes, sir. We had Camp Devens in Massachusetts, but the Secretary of War thought it would be not best to establish one there. Camp Jackson——

The CHAIRMAN (interposing). Where is Camp Jackson?

Col. FORBES. In South Carolina.

Mr. KELLEY. Have you ever thought of the idea, instead of gathering these boys altogether, of making some arrangements with the States whereby the States would handle them and we would pay for them?

Col. FORBES. We have had that up with the States. Some of the States are handling now all that they can take care of.

Mr. GALLIVAN. You have nothing in New York and New England?

Col. FORBES. Yes, sir; but Camp Devens will not be the place.

Mr. GALLIVAN. I understand.

Col. FORBES. There is a project 40 miles from Oakland, which has 106 modern bungalows and a 167-room hotel, with a thousand acres of land. That was owned by a shipbuilding corporation.

Mr. KELLEY. Where is that?

Col. FORBES. At Clyde, Calif. The Shipping Board has a mortgage on it for a sum of $450,000. I think that project can be turned over to us without cost.

The CHAIRMAN. You think that you have complete authority to do all of these things without securing legislation from Congress?

Col. FORBES. Where permanent construction is unnecessary; yes, sir.

The CHAIRMAN. What is permanent construction?

Col. FORBES. As held by the comptroller, permanent construction is anything that might be considered of a permanent nature in the way of concrete, steel, or brick construction.

CLASSIFICATION OF MEN BY TRADES AND VOCATIONS.

The CHAIRMAN. Will you be kind enough to classify the men by trades and vocations, the number in each, how many men are expected to graduate monthly or annually in each trade or vocation?

Col. FORBES. I can not tell you that—nobody else can tell you how many we expect to graduate.

The CHAIRMAN. Please take the first question first. You are answering the last question first. Classify the men by trades and vocations in training, how many in each, so that we will know how many there are in each vocational trade. For example, you have 25 men taking the barber trade, you have so many men taking the bricklayer's trade, you have so many men taking the blacksmith trade, you have so many men taking the tinsmith trade, you have so many men taking the plumbing trade, you have so many men training for lawyers, and you have so many men training for farmers.

Col. FORBES. We have that information.

Business courses	27,371
Mechanical trades	12,739
Agriculture	13,666
Professional	9,771
Prevocational and try-out	9,854
Metal trades	8,451
Electrical trades	7,463
Trades and industries	5,118
Building trades	1,931
Advertising trade	1,840
Crafts	1,266
Total	99,471

Mr. KELLEY. There are in the Navy a lot of places, one near Chicago, where you can take care of all of these boys.

Col. FORBES. Which one?

Mr. KELLEY. The Great Lakes station.

Col. FORBES. We took over one portion of Camp Ross for the neuropsychiatric patients. While those buildings are not very permanent they are very habitable and very comfortable. I was out to the Great Lakes. The American Legion is well satisfied with our taking that tract.

Mr. KELLEY. Last year they wanted a million dollars for coal to heat it?

Col. FORBES. It has to be heated anyway. We have only taken a small portion.

Mr. KELLEY. It ought to be closed down and disposed of.

Mr. ANTHONY. Do you have to maintain a central heating plant?

Col. FORBES. Yes, sir. Unfortunately at several of these camps they have individual heating plants.

Mr. ANTHONY. Of course, those heating plants were put in to heat a station with 20,000 to 40,000 populaton.

Col. FORBES. Of course, the cost of heating and lighting, where purchased from the city, is very high, and where you have a central heating plant you can generate your own electricity.

Mr. KELLEY. We have a camp in New England that was built for the Navy and my recollection is that they wanted $75,000 to take care of it, standing idle, just for fire protection and that sort of thing. Will you not run into an enormous expense for fire protection?

Col. FORBES. The fire protection is all there. The fire-fighting apparatus is there. The water system is there. They have a 100-foot head of fine pressure. During my visits there I frequently tried out the fire department. They respond very promptly and render very efficient service. The equipment is up to date. That is why I think it will be a cheaper means and a better means of educating these men by taking advantage of what the Government has to offer now.

REPLACEMENT OF TRAINEES.

The CHAIRMAN. Are you going to dispense with all other forms of education?

Col. FORBES. No, sir.

The CHAIRMAN. To what extent will you utilize the colleges and other institutions throughout the country, the agricultural training institutions?

Col. FORBES. It is not going to affect the accredited schools of any character. My idea is to replace trainees who are misfits in placement training; 41 per cent of our entire vocational personnel or trainees are taking placement. I should say that 50 per cent of the 41 per cent are wrongfully placed. There is another thing, Mr. Chairman, that I think I would like to have you consider, and that is the follow-up of these men. If we are going to attempt the rehabilitation of a man, do you not believe that we should keep in close contact with him during his period of education?

The CHAIRMAN. You ought to see that he is being educated, of course.

Col. FORBES. Yes, sir.

The CHAIRMAN. And that he is not simply being taken care of at the expense of the Government.

Col. FORBES. That is what we are doing. Where we can keep in close contact with a man we can not only observe his educational progress, but as we are also responsible for his physical being, we can observe that as well

The CHAIRMAN. It seems to me that is a very essential part of the training obligation that we assumed, and, I supposed, of course, you were doing that.

Col. FORBES. A boy frequently, for fear that he may return to a compensation status, being ill, may go to a doctor, because there is a difference between vocational pay and compensation, and so he goes

on in his attempt to educate himself or get his training, paying no attention to his physical being. Consequently he breaks down and then goes into a hospital more of a wreck than he was when he first applied for relief from the Government. I think if we had a small hospital, only 45 or 50 beds, at the camp—in the Elks Building we have a fine little hospital—if we find a man who is incapacitated to the extent that he can not pursue his training they can transfer him to one of the regular hospitals and put him on a compensation status where he rightfully belongs, and after he has become rehabilitated physically we can send him back to his school, which is not done to-day.

TOTAL NUMBER OF EMPLOYEES OF VETERANS' BUREAU.

The CHAIRMAN. Colonel, I should like to ask you to tell us how many people you have employed in your home office here.

Col. FORBES. In the home office?

The CHAIRMAN. Yes, sir.

Col. FORBES. Including the Federal board?

The CHAIRMAN. Under vocational training—please tell us the total number and then how many in each class.

Col. FORBES. Would you not like to have them segregated?

The CHAIRMAN. Yes; I should like to have them segregated.

Mr. ROUTSONG. You understand that when these bureaus were consolidated, for instance, the disbursing division of the old Federal board was combined with the disbursing division of the War Risk Insurance. That is one very good illustration. The medical section of the vocational board was combined with the medical division of the old War Risk Insurance into one division. The files—they had their separate files for each trainee—are now being amalgamated, and there will be one filing or claims section—we call it a claims division—where there were two before.

The CHAIRMAN. Please give us the total number of people employed in the home office, and then you can distinguish between those employed for other purposes and those employed in connection with vocational training.

Col. FORBES. We have that right here, the number of employees in the bureau.

The CHAIRMAN. Please give it to us by divisions.

Mr. ROUTSONG. The total number employed in the central office at Washington, as of October 1, was 5,546. Those who are paid out of the rehabilitation appropriation, because they were continued to be paid out of that appropriation——

The CHAIRMAN (interposing). Rehabilitation is vocational training?

Mr. ROUTSONG. Yes, sir; 907. Then we have 112 located at the central office who are paid out of medical and hospital services, because of the fact that they spend part of the time in Washington and part of the time helping to organize the district offices, and 4,527 who are paid out of the salaries and expenses, War Risk Insurance, making 5,546.

The CHAIRMAN. Please tell us the aggregate amount paid these people?

Col. FORBES. The amount paid in salaries at the central office in September was $647,000. This includes all divisions of the central office.

The CHAIRMAN. I see here "Administrative, salaries, $7,980,000."

Col. FORBES. That is approximately correct, it includes central office and field employees taken over from the Federal board by the central office of the Veterans' Bureau will be paid throughout this year out of the appropriation for vocational rehabilitation, although they have been combined with other divisions in some instances to promote efficiency, as I have explained. Their salaries will amount to approximately $1,493,000 this year. The remainder of the estimated requirement, $6,487,461, is to cover salaries in the field. I am submitting an itemized list showing how the personnel which this covers is distributed. They number 5,952 and their salaries total $9,419,874. After I took over the bureau I reduced the personnel of the central office 1,000.

The CHAIRMAN. And you are getting along just as well?

Col. FORBES. Yes, sir. The chiefs of divisions are always calling for more personnel, but I refused to give it to them.

Mr. GALLIVAN. You do not make any new appointments?

Col. FORBES. Yes, sir; I do.

Mr. GALLIVAN. You dropped a thousand; did you fill their places?

Col. FORBES. No, sir.

Mr. GALLIVAN. Did you fill any of their places?

Col. FORBES. Yes, sir.

Mr. GALLIVAN. What percentage?

Col. FORBES. A very small percentage.

Mr. GALLIVAN. Approximately how much?

Col. FORBES. So far, less than 1 per cent.

REGIONAL OFFICES.

The CHAIRMAN. Have you 14 regional offices?

Col. FORBES. Yes, sir.

The CHAIRMAN. Where are they located?

Col. FORBES. New York, Boston, Philadelphia, Atlanta, St. Louis, Dallas, Tex.; Seattle, San Francisco, Chicago, Minneapolis, Washington, D. C.; New Orleans, and Cincinnati.

The CHAIRMAN. Detroit?

Col. FORBES. No, sir; Detroit is a suboffice.

NUMBER OF EMPLOYEES—COST OF OFFICES.

The CHAIRMAN. Tell us about how many people are employed in each one of these regional offices and what is the cost of each office?

Col. FORBES. The following is a statement, first, of the number of employees in each district office and field as of September 1, and, second, the amount disbursed on account of administration for each district. I have a similar record for each office and suboffice. This will be checked against the work they do monthly to show efficiency or inefficiency.

NOTE.—Number of employees in each district office as of September 1, and in the district as a whole, was as follows:

District number and location.	Number of employees.			Ex-service population by districts.	Per cent of total.
	District office.	Field.	Total.		
1. Boston	624	159	783	252,480	5.30
2. New York	1,112	312	1,424	665,160	13.97
3. Philadelphia	543	295	838	390,240	8.20
4. Washington, D. C	408	369	777	244,320	5.13
5. Atlanta	403	349	752	410,400	8.62
6. New Orleans	338	313	651	249,120	5.23
7. Cincinnati	438	502	940	487,680	10.24
8. Chicago	726	436	1,162	619,200	13.00
9. St. Louis	326	368	694	432,480	9.08
10. Minneapolis	386	181	567	244,320	5.13
11. Denver	312	205	517	96,480	2.03
12. San Francisco	307	293	600	163,200	3.43
13. Seattle	226	112	338	120,480	2.52
14. Dallas	301	278	579	385,920	8.11
Total	6,450	4,172	10,622	4,761,480	.....

United States Veterans' Bureau—Expenditures by districts for administrative purposes Aug. 10–Sept. 30, 1921.

Administrative.	District 1.	District 2.	District 3.	District 4.	District 5.	District 6.	District 7.	District 8.
Personal services: Salaries	$171,480.33	$336,649.26	$202,670.57	$158,572.97	$171,351.18	$136,224.09	$229,414.02	$261,984.72
Travel and transportation of employees	5,318.45	10,473.93	5,565.75	6,764.30	18,317.17	8,573.76	10,391.71	15,051.52
Rentals	614.60	38,697.98	11,368.25	3,614.00	11,728.64	5,317.73	3,361.63	19,153.50
Repairs and maintenance	74.70	835.06	119.31	418.66	3.00	201.80	182.55	190.57
Light, heat, water, and ice	19.80	1,170.16	3.95	337.62	.....	4.85	34.00	1,421.87
Telephone and telegraph	616.23	628.48	328.28	282.29	259.63	202.37	55.73	1,938.15
Freight, express, and drayage	785.16	2,154.19	676.54	1,986.20	3,969.69	2,725.96	1,507.36	2,140.40
Towels and laundry service	14.60	6.10	2.00	1.25	.....	6.75	.....	9.40
Motor vehicles and operating costs	.....	51.45	.....	21.77	13.48	36.51	31.75	93.70
Miscellaneous (stamps, etc.)	77.37	306.97	46.25	50.20	95.10	105.45	273.95	128.45
Printing and binding	[1] 875.48	[1] 723.05	[1] 799.87	[1] 1,066.90	[1] 1,608.40	[1] 1,668.13	[1] 1,015.97	[1] 1,070.56
Stationery and minor office supplies	[1] 2,614.43 / 586.44	[1] 1,720.35 / 2,071.48	[1] 722.93 / 112.25	[1] 1,250.62 / 1,068.81	[1] 2,519.82 / 1,446.58	[1] 1,581.61 / 589.50	[1] 645.15 / 1,098.96	[1] 430.65 / 730.62
Furniture and equipment	[1] 2,751.43 / 1,015.31	[1] 8,220.52 / 1,452.42	[1] 3,406.95 / 157.66	[1] 9,058.96 / 2,914.93	[1] 1,745.83 / 49.88	[1] 9,328.10 / 2,347.21	[1] 3,208.27 / 1,439.22	[1] 6,745.07 / 2,683.92
Total administrative	186,772.33	405,161.40	225,980.56	187,409.48	213,108.40	168,913.82	252,660.28	313,773.10

Administrative.	District 9.	District 10.	District 11.	District 12.	District 13.	District 14.	Total to date.
Personal services: Salaries	$145,108.75	$123,703.68	$123,825.31	$211,137.39	$88,807.10	$117,314.81	$2,478,172.17
Travel and transportation and employees	18,412.71	16,599.10	6,461.04	8,212.85	9,480.14	14,819.37	154,441.77
Rentals	4,431.09	3,974.75	7,570.83	2,099.50	5,159.59	4,005.02	121,097.11
Repairs and maintenance	28.00	177.66	285.12	36.50	91.25	784.94	3,429.15
Light, heat, water, and ice	9.63	6.43	6.75	.....	4.85	51.71	3,071.62
Telephone and telegraph	528.62	336.43	251.55	726.81	380.05	922.51	7,457.13
Freight, express, and drayage	2,599.66	1,112.04	3,470.19	3,255.88	1,082.52	1,457.35	28,923.14
Towels and laundry service	17.50	19.50	186.26	.....	45.48	16.44	325.28
Motor vehicles and operating costs	185.41	41.22	317.67	16.83	3.65	374.64	1,188.11
Miscellaneous (stamps, etc.)	151.00	30.62	45.19	75.23	70.45	32.05	1,488.30
Printing and binding	[1] 513.95	[1] 672.33	[1] 513.28	[1] 873.98	[1] 389.96	[1] 769.62	[1] 12,561.48
			3.75	.....	.....	2.32	6.07
Stationery and minor office supplies	[1] 3,229.78 / 1,787.52	[1] 1,464.95 / 100.90	[1] 933.07 / 1,610.98	[1] 277.50 / 1,213.92	[1] 142.62 / 1,008.72	[1] 396.13 / 665.42	[1] 17,929.61 / 14,092.10
Furniture and equipment	[1] 6,422.67 / 1,225.36	[1] 6,909.37 / 1,186.82	[1] 2,639.59 / 912.56	[1] 2,947.22 / 3,774.98	[1] 476.35 / 978.48	[1] 1,271.72 / 5,114.98	[1] 65,132.05 / 25,253.74
Total administrative	184,651.68	156,335.80	149,033.14	234,648.60	108,121.21	147,999.03	2,934,568.83

[1] Figures indicate supplies shipped by chief clerk from central office.

The CHAIRMAN. Why is there that difference?

Col. FORBES. That is dependent upon the ex-soldier population in the district.

The CHAIRMAN. Are not these offices located with a view to averaging up the regional offices so that each one will have approximately the same number of soldiers under its jurisdiction?

Col. FORBES. It has reference to the ex-soldier population within the district, and we have located the regional offices as advantageously as possible with reference to the ex-soldier population.

The CHAIRMAN. Can you give us the exact number of employees in each regional office?

Col. FORBES. My statement includes that.

SALARIES.

The CHAIRMAN. We will be glad also to have the aggregate annual cost and the range of salaries or the range from the lowest to the highest, but it will not be necessary to enumerate each salary.

Col. FORBES. The highest salary paid in any district, with one exception, is $5,000. That one exception is the Philadelphia office. The doctor who was sent there as district manager is a man of unusual ability as an administrator, as well as being an expert on several of the diseases. He receives $6,000; $5,000 a year for the pay of the regional manager is not enough. It requires a big man to conduct the affairs of one of those offices, but we started off at $5,000 until they exhibited sufficient ability to warrant an increase.

The CHAIRMAN. For example, a man in an office with 500 employees under him would not be paid as much as a man with 1,000 employees under him.

Col. FORBES. Yes, sir. It does seem to be a bit unfair, but I believe that it was the best way to do it, because by studying these men and knowing their characteristics and development, it might be necessary to transfer men from small districts to larger districts, where they could do better work.

The CHAIRMAN. I suppose you know that the Assistant Secretaries of the various departments of the Government receive only $5,000 a year?

Col. FORBES. Yes, sir.

The CHAIRMAN. And these are subordinate positions. I see that you have it in mind to increase them over $5,000. Now, do you think it would be good business for your bureau to establish a system of salaries that would exceed those fixed by law for people who are occupying more important administrative positions?

Col. FORBES. I do not believe that any Assistant Secretary is occupying a more important position than the district managers employed in this work. An Assistant Secretary considers the honor of his job as a part of the compensation.

The CHAIRMAN. There is a good deal of honor attached to these jobs, is there not?

Col. FORBES. It is all honor when we speak of honor literally.

The CHAIRMAN. There is honor attached to the position of district manager.

Col. FORBES. Yes, sir, there is; but the prestige has much to do with the position of an Assistant Secretary.

The CHAIRMAN. For example, the First Assistant Postmaster General, who has 150,000 men under his jurisdiction, receives $5,000 a year.

Col. FORBES. But the First Assistant Postmaster General is having to deal with a class of intelligent employees, or a class of mentally and physically able employees.

The CHAIRMAN. You could not say that those men who fought in the ranks were not intelligent men, would you?

Col. FORBES. Certainly not; but we have a great many N. P. cases, and men with only a very elementray education.

The CHAIRMAN. What do you mean by N. P. cases?

Col. FORBES. Neuro-psychiatric cases. There are also cases of tuberculosis, which are very difficult from an administrative point of view.

Mr. GALLIVAN. The chairman was speaking of employees.

The CHAIRMAN. I mean in the administrative work.

Col. FORBES. The district manager has something to do with all the people in his district.

The CHAIRMAN. I will say to you for your information, that I would like to have you take into consideration the fact that it is not the policy of Congress to have any chief of a bureau paid a compensation higher than is being paid to men in other branches of the Government service doing equally responsible work. There are no exceptions to that rule, and I wish you would be kind enough to keep that in mind in fixing the salaries of these district managers.

Col. FORBES. I will be glad to do that, but I wanted you to understand what a problem we have.

The CHAIRMAN. Did you ever read over the appropriations and note the limitations fixed on the amount that you can pay to any given individuals?

Col. FORBES. Yes, sir.

Mr. ROUTSONG. The Federal board very carefully kept within the limitations fixed by law with regard to their employees, and that is still being complied with in so far as those appropriations are concerned. The appropriations for salaries and expenses for the Bureau of War Risk Insurance also carried limitations, but the appropriation for the medical and hospital service carried no limitations as to the salaries paid.

The CHAIRMAN. I am talking about the salaries of the district managers and of the men employed in other administrative positions. I am not talking about the expenses of the soldiers or the expense of their care and rehabilitation; but in the administration of this fund, which is a sacred fund appropriated for a sacred purpose, I would like to impress upon you the thought, and when I say that, I am sure it is the thought of every member of this committee and the thought of every Member of Congress, that we do not want any part of the money that we intend for the rehabilitation of these men to be paid to some man for the management of the fund.

Col. FORBES. The act provides that certain salaries in the War Risk Insurance Bureau, or which are covered in the original war risk insurance act——

The CHAIRMAN (interposing). What does it say about district managers?

Col. FORBES. It does not say anything about them.

Mr. KELLEY. You as the head of the consolidated work have authority to fix those district managers' salaries under your bureau?

Col. FORBES. Yes, sir.

Mr. KELLEY. That is your understanding?

Col. FORBES. Yes, sir.

Mr. WOOD. I think there was a limitation put in a deficiency act that extended the number.

Col. FORBES. It extended the number.

Mr. WOOD. A limit was fixed beyond which certain salaries should not be paid.

Col. FORBES. That was in the war risk insurance act.

Mr. WOOD. I remember that in a deficiency act we took the suggestion of Col. Cholmeley-Jones and extended the number of high-salaried men.

Mr. BLACK. There are three appropriations under which we are working. One of them, the war risk act, contains limitations in the current legislative bill. Then there is the vocational act, which contains limitations; but the medical and hospital service act does not contain any limitations.

The CHAIRMAN. All of those bureaus were consolidated and turned over to the Veterans' Bureau, and here is what that law provides:

SEC. 8. All sums heretofore appropriated for carrying out the provisions of the war risk insurance act and amendments thereto, and to carry out the provisions of the act entitled "An act to provide for vocational rehabilitation and return to civil employment of disabled person discharged from the military or naval forces of the United States, and for other purposes," approved June 27, 1918, and amendments thereto, shall, where unexpended, be made available for the Veterans' Bureau and may be expended in such manner as the director deems necessary in carrying out the purposes of this act, with the restrictions heretofore imposed as to the number of persons that may be employed at stated salaries.

Therefore you can not go beyond a restricted amount in fixing compensation.

Mr. BLACK. And in no case have we done so; but the medical and hospital service appropriation does not come within the provisions of that act.

Mr. BYRNS. You do not pay the district managers out of the medical and hospital appropriation, do you?

Mr. BLACK. Yes, sir.

Mr. BYRNS. Do you do that for the purpose of evading those limitations?

Mr. BLACK. That is the only appropriation available for the purpose.

The CHAIRMAN. Are you paying the district managers out of the medical and hospital appropriation?

Col. FORBES. Yes, sir.

Mr. KELLEY. I should think that you would pay them out of the vocational appropriation.

Mr. BLACK. On April 21, 1921, the Secretary of the Treasury turned over to the War Risk Bureau all of the activities formerly performed by the Public Health Service in this connection, except the hospital service, and the War Risk Bureau took over the district offices. The Public Health Service was maintaining offices at the same places, and the Public Health Service supervisors at the district offices were in charge of those district offices. The district

District and the approximate number time, as of Sept. 1, 1921—Continued.

	Suboffice.	Personnel.
ew Orleans (per-		
	Birmingham	49
	Mobile	72
	Montgomery	37
	Gadsden	14
Cincinnati (per-		
	Canton	26
	Cleveland	27
	Columbus	42
	Dayton	41
	Toledo	28
	Evansville	20
	Indianapolis	100
	South Bend	35
	Hopkinsville	29
	Lexington	37
	Louisville	56
nnding, Chicago (personnel,		
	Centralia	17
	Peoria	52
	Rockford	35
	Champaign	36
	East St. Louis	12
	Danville	15
	Detroit	30
	Grand Rapids	30
	Jackson	37
	Marquette	13
	Saginaw	17
	Eau Claire	13
	Madison	38
	Green Bay	20
	Milwaukee	38
ard, St. Louis (personnel, doc-		
	Springfield	22
	Kansas City	67
	Chillicothe	16
	Des Moines	43
	Cedar Rapids	31
	Waterloo	12
	Fort Dodge	7
	Omaha	47
	Kearney	18
	Lincoln	16
	Wichita	25
	Topeka	23
	Salina	11
uth Plaza Building, Minneapolis (personnel, 367):		
	St. Paul	29
	Duluth	6
ta	Fargo	42
ta	Sioux Falls	38
	Helena	50
United States National Bank Building, Denver doctors, 11; others, 301):		
	Pueblo	32
	Colorado Springs	22
	Salt Lake City	47
Mexico	Albuquerque	82
ming	Casper	17
rters, 237 Flood Building, San Francisco (personnel, doc- others, 298):		
lifornia	Fresno	14
	Los Angeles	186
	Sacramento	9
	San Diego	19
	Reno	4
	Phoenix	19
	Tucson	7
e (personnel, doctors, 19;		
	Spokane	30
	Tacoma	10
	Portland	38
	Pocatello	15

sections of the country where we have suboffices, and it is quite expensive.

SUBOFFICES.

The CHAIRMAN. How many suboffices have you?

Col. FORBES. There are 124.

The CHAIRMAN. Tell us where they are.

Col. FORBES. I will give a list showing where they are and their personnel, as of September 1. New Bedford does not appear in this list because it has just recently been authorized.

Number of suboffices organized in each State and District and the approximate number of employees, including both whole and part time, as of Sept. 1, 1921.

District and State.	Suboffice.	Personnel.
1. Headquarters, Washington, Essex Building (personnel, doctors, 67; others, 557):		
Maine	Portland	20
	Bangor	5
New Hampshire	Manchester	20
Massachusetts	Springfield	32
	Worcester	25
Rhode Island	Providence	15
Vermont	Burlington	16
2. Headquarters, 23 West Forty-third Street, New York (personnel, doctors, 72; others, 1,040):		
Connecticut	Hartford	27
	New Haven	38
New York	Albany	51
	Binghamton	14
	Buffalo	19
	Poughkeepsie	14
	Rochester	29
	Syracuse	32
	Utica	21
New Jersey	Camden	5
	Newark	53
3. Headquarters, 140 North Broad Street, Philadelphia (personnel, doctors, 54; others, 489):		
Pennsylvania	Allentown	21
	Erie	20
	Harrisburg	23
	Pittsburgh	58
	Scranton	50
	Williamsport	22
	Johnstown	15
Delaware	Wilmington	19
4. Headquarters, Arlington Building, Washington, D. C. (personnel, doctors, 4; others, 404):		
Maryland	Baltimore	155
Virginia	Norfolk	16
	Richmond	38
	Roanoke	29
West Virginia	Charleston	30
	Bluefield	15
	Parkersburg	23
	Wheeling	3
5. Headquarters, 433-439 Peachtree Street, Atlanta (personnel, doctors, 30; others, 373):		
Florida	Jacksonville	26
Georgia	Macon	16
	Savannah	14
North Carolina	Charlotte	74
	Raleigh	24
South Carolina	Columbia	44
Tennessee	Chattanooga	14
	Knoxville	42
	Memphis	16
	Nashville	24
	Jackson	6
6. Headquarters, New Hibernia Bank Building, New Orleans (personnel, doctors, 14; others, 324):		
Louisiana	Shreveport	12
	Lafayette	29
Mississippi	Meridian	26
	Jackson	38

Number of suboffices organized in each State and District and the approximate number of employees, including both whole and part time, as of Sept. 1, 1921—Continued.

District and State.	Suboffice.	Personnel.
6. Headquarters, New Hibernia Bank Building New Orleans (personnel, doctors, 14; others 324)—Continued.		
Alabama	Birmingham	49
	Mobile	72
	Montgomery	37
	Gadsden	14
7. Headquarters, 609 Lincoln Inn Court Building, Cincinnati (personnel, doctors, 48; others, 390):		
Ohio	Canton	26
	Cleveland	27
	Columbus	42
	Dayton	41
	Toledo	28
Indiana	Evansville	20
	Indianapolis	100
	South Bend	35
Kentucky	Hopkinsville	29
	Lexington	37
	Louisville	56
8. Headquarters, eighth floor Leiter Building, Chicago (personnel, doctors, 37; others, 689):		
Illinois	Centralia	17
	Peoria	52
	Rockford	35
	Champaign	36
	East St. Louis	12
	Danville	15
Michigan	Detroit	30
	Grand Rapids	30
	Jackson	37
	Marquette	13
	Saginaw	17
Wisconsin	Eau Claire	13
	Madison	38
	Green Bay	20
	Milwaukee	38
9. Headquarters, 6801 Ditnam Boulevard, St. Louis (personnel, doctors, 10; others, 316:		
Missouri	Springfield	22
	Kansas City	67
	Chillicothe	16
Iowa	Des Moines	43
	Cedar Rapids	31
	Waterloo	12
	Fort Dodge	7
Nebraska	Omaha	47
	Kearney	18
	Lincoln	16
Kansas	Wichita	25
	Topeka	23
	Salina	11
10. Headquarters, 509 Keith Plaza Building, Minneapolis (personnel, doctors, 19; others, 367):		
Minnesota	St. Paul	29
	Duluth	6
North Dakota	Fargo	42
South Dakota	Sioux Falls	38
Montana	Helena	50
11. Headquarters, United States National Bank Building, Denver (personnel, doctors, 11; others, 301):		
Colorado	Pueblo	32
	Colorado Springs	22
Utah	Salt Lake City	47
New Mexico	Albuquerque	82
Wyoming	Casper	17
12. Headquarters, 237 Flood Building, San Francisco (personnel, doctors, 9; others, 298):		
California	Fresno	14
	Los Angeles	186
	Sacramento	9
	San Diego	19
Nevada	Reno	4
Arizona	Phoenix	19
	Tucson	7
13. Headquarters, 614 Arcade Building, Seattle (personnel, doctors, 19; others, 207):		
Washington	Spokane	30
	Tacoma	19
Oregon	Portland	38
Idaho	Pocatello	15

Number of suboffices organized in each State and District and the approximate number of employees, including both whole and part time, as of Sept. 1, 1921—Continued.

District and State.	Suboffice.	Personnel.
14. Headquarters, North Akard and Pacific Avenues, Dallas (personnel, doctors, 8; others, 293):		
Texas	El Paso	19
	Houston	39
	San Antonio	61
	Texarkana	15
	Fort Worth	19
	Waco	11
Oklahoma	Oklahoma City	34
	Tulsa	14
Arkansas	Fort Smith	13
	Little Rock	24

The CHAIRMAN. Suppose you furnish a statement showing how many men are employed in each suboffice, and how much each suboffice costs.

Col. FORBES. The suboffice was only created by the terms of the Sweet bill, and it is now in process of organization.

Mr. WOOD. How long does that last?

Col. FORBES. Until 1926.

The CHAIRMAN. We want to know about how much each one will cost.

Col. FORBES. We have not operated any of them long enough to give a definite answer as to the cost, but we will give the approximate cost.

The CHAIRMAN. You are counting on establishing those offices, and you must have some system in mind?

Col. FORBES. There is this to be considered, that in the establishment of these suboffices we should have a similar layout to that in the district offices—that is, we should have a dental clinic and, perhaps, hydrotherapy in some cases. Where it is necessary to establish that class of suboffices, it will cost more than another class of suboffices where those things are not necessary, due to the fact that they are in closer proximity to regional offices where they can go and get treatment, remembering that every time a man travels from his home to a suboffice or to a regional office the Government must pay his expense. A careful survey will have to be made before extensive equipment is installed. It will take time to do this in a businesslike manner.

The CHAIRMAN. What is the limit of the authority of the manager of the suboffice, or what is he allowed to do?

Col. FORBES. He can do everything except adjudicate claims. The claims are adjudicated in the district offices.

The CHAIRMAN. He can send a man to the hospital?

Col. FORBES. Yes, sir; every man is entitled to hospitalization upon application.

The CHAIRMAN. Enumerate the things that he can do.

Col. FORBES. He gathers information primarily, and forwards it to the district offices where the claims are settled.

The CHAIRMAN. He is a field man?

Col. FORBES. Yes, sir; he is a field man.

The CHAIRMAN. He accumulates information for transmission to the district office?

Col. FORBES. Yes, sir; and he can give medical treatment through the clinic, or he can give local treatment.

The CHAIRMAN. He can employ doctors?

Col. FORBES. No, sir; they are appointed by the district managers.

EMPLOYMENT OF DOCTORS—RATES OF PAY.

The CHAIRMAN. In the employment of doctors, what is the practice as to compensation?

Col. FORBES. Most of the doctors are either Public Health Service doctors or civil-service doctors, except the specialists who are employed. Those are specialists in the treatment of the eye, nose, and throat.

The CHAIRMAN. For doctors of the Public Health Service, you must apply to them?

Col. FORBES. Yes, sir; they assign them to us.

The CHAIRMAN. Do you appoint any doctors on your own account?

Col. FORBES. Yes, sir.

The CHAIRMAN. How many have you?

Col. FORBES. We have about 100 in the district offices.

The CHAIRMAN. How many have you in the United States?

Mr. ROUTSONG. There were 1,452 doctors on the pay rolls of the Veterans' Bureau on September 1.

The CHAIRMAN. You appoint the doctors under what conditions, or what are they required to do?

Col. FORBES. The doctors with a civil-service status or doctors of the Public Health Service are appointed on the recommendation of the assistant director in charge of the medical division. The director does not attemp to appoint any doctor.

The CHAIRMAN. Do you mean that the division managers appoint them?

Col. FORBES. No, sir; the assistant director in charge of the medical division.

Mr. GALLIVAN. You do not make the selections yourself?

Col. FORBES. No, sir; I do not appoint them until the medical division examines them and looks into their history.

The CHAIRMAN. What rate of compensation do we pay doctors appointed in the way you have stated?

Col. FORBES. The highest pay for a doctor is $6,000.

The CHAIRMAN. Do they pay that for a year of service?

Col. FORBES. Yes, sir; by the year. There are some part-time doctors who are paid as low as $700 a year.

The CHAIRMAN. You do not pay them by the case?

Col. FORBES. Some of them, yes, sir—that is, for examinations.

The CHAIRMAN. None of them are paid by fees, or so much per examination?

Col. FORBES. Yes, sir; in local communities they are.

The CHAIRMAN. How much do you pay them for a local examination?

Col. FORBES. I think the examination fee is $5.

The CHAIRMAN. Is there an aggregate amount paid for so many examinations?

Col. FORBES. I think there may be some doctors who are serving on part time who agree to make so many examinations at such a rate.

Mr. GALLIVAN. You stated that in these regional offices the number of employees now ranges from 500 to 1,000.

Col. FORBES. Yes, sir. With the decentralization they will run higher.

Mr. GALLIVAN. Is that number greater or less than under the old order of things?

Col. FORBES. It will be a little less after decentralization is completed, I should say.

Mr. GALLIVAN. Have you discharged anybody in the regional offices?

Col. FORBES. A great many; yes, sir.

Mr. GALLIVAN. Were they all Civil Service men and women?

Col. FORBES. Some of them were.

PERCENTAGE OF EMPLOYEES TAKEN FROM CIVIL SERVICE LISTS.

Mr. GALLIVAN. What percentage of the employees in the regional offices came from the civil-service lists?

Col. FORBES. I would say 90 per cent.

Mr. GALLIVAN. In the cases where these men and women have been discharged, have any successors been appointed to them, so far as you know?

Col. FORBES. Yes, sir; there have been.

Mr. GALLIVAN. Why were they discharged?

Col. FORBES. Well, there were many reasons, if you want to go into that history.

Mr. GALLIVAN. The object was not to reduce the personnel?

Col. FORBES. In many instances it was to reduce the personnel. We have discharged some as surplus, and we have discharged some for cause.

Mr. GALLIVAN. What I mean is this: Have you reduced the number of employees in the regional offices, or have you filled the places of those who were removed.?

Col. FORBES. We did not fill those particular places, but there were others that we did fill, where we discharged employees for cause.

Mr. GALLIVAN. That is all I wanted to know. You have not filled any places that were filled by employees that you considered superfluous?

Col. FORBES. I would not want to state positively that that is the condition all over the country, because the district managers may appoint people without the approval of the personnel officer here, but it is not the policy of the bureau to discharge employees without cause. Where we do discharge them as being surplus, or becau e there is no further work for them to do, the places are not filled, and there are many in that category.

UNEXPENDED BALANCE OF REHABILITATION APPROPRIATION.

The CHAIRMAN. Will you be kind enough to give us the unexpended balance of the $65,000,000 appropriation which is available for use, and at the same time give us the monthly expenditures, say, from the 1st of July until now?

Col. FORBES. July, $9,824,148.64; August, $10,329,016; September, $11,554,539.11; October, $12,736,631.21; total, $44,444,334.96; balance, $20,055,665.04.

ESTABLISHMENT OF GOVERNMENT SCHOOLS AT CAMPS.

(See pp. 337, 340, 344.)

Mr. KELLEY. When you get those camps in operation, will the bureau pay the traveling expenses of the boys from their homes?

Col. FORBES. Yes, sir.

Mr. KELLEY. And back again?

Col. FORBES. Yes, sir.

Mr. KELLEY. And their subsistence on the way?

Col. FORBES. Yes, sir.

Mr. KELLEY. How much do you estimate for next year for that purpose?

Col. FORBES. In explanation of that, I will say that a man going to, say, Camp Sherman or Camp Grant, will be from within the district or near by that district.

Mr. KELLEY. Can you state approximately, not by specific towns or places, but in general, where those camps will be located?

Col. FORBES. We have not decided.

Mr. KELLEY. There will be one on the Pacific coast?

Col. FORBES. Yes, sir; one on the Pacific coast, one in the Middle West, one in New England, and one in the South. In fact, there may be two in the Middle West. The number is not to exceed six all told.

Mr. KELLEY. You feel quite strongly about that?

Col. FORBES. I am awfully interested in that, and my interest is not anything personal, but it is because of these men. If I did not believe thoroughly in it, I would not suggest it. I believe that it is the salvation of those men where we can take care of them mentally, morally, physically and spiritually, and God knows they need the spiritual, moral, and physical support of this Government. It would be a loss of energy and money to continue with undesirable placement training.

Mr. KELLEY. What percentage of this number of 93,000 would fall within the class of those not well enough educated to go into established schools?

Col. FORBES. I would say 30 per cent. There will be between 20,000 and 25,000 who should have better care and closer observation.

Mr. Chairman, I think very well of the committee's criticisms and suggestions, and I believe that complete data should be furnished on this entire situation. We will do everything possible to give you the information you are seeking.

AVERAGE COST OF TRAINING EACH MAN.

Mr. BYRNS. Reverting to the question of the vocational training again, I think it would be illuminating and possibly useful if you could tell the committee what is the average cost of training or what is the cost of training each man.

Col. FORBES. Yes, sir; and it will astound you.

Mr. BYRNS. You might show the percentage devoted to the allowance, the per entage to tuition, the percentage to equipment and supplies, and, if possible, the percentage devoted to administrative cost.

Col. FORBES. Yes, sir; we will do that. It will astound you. It costs more per man than in a university. These figures are lower than actual costs last year.

	Average per trainee.
Administration expense:	
Salaries	$7.09
Travel	.58
Subsistence	.41
Supplies	1.20
Rent	.86
Communication	.14
Miscellaneous	.22
Freight and express	.08
Printing	.10
Total administration expense	10.68
Training expense:	
Allowance	98.96
Construction and labor	.05
Instruction equipment	.77
Instructors, job employees	.20
Medical	.13
Miscellaneous	.05
Subsistence	.11
Teacher's salary	1.15
Training supply	3.06
Travel	.67
Tuition	10.11
Total training expense	115.26
Grand total	125.94

NECESSARY MEDICAL SERVICE AND TREATMENT TO TRAINEES.

The CHAIRMAN. I call your attention to the language on page 18 of the bill, in the ninth line, after the word "board."

Col. FORBES. It reads "necessary medical service."

The CHAIRMAN. "Necessary medical service and treatment to trainees hereafter required in cases where such service or treatment is not provided by the Bureau of War Risk Insurance, and not more than $35,000 may be used for such service and treatment heretofore furnished." Do you think that that language is necessary in this bill? That is provided for in the 1922 act, but I do not think it is necessary to carry it here.

Col. FORBES. I do not believe it is.

The CHAIRMAN. Because it is already provided for anyway.

Col. FORBES. I do not think it is necessary to carry it.

Mr. ROUTSONG. It was inserted because of the fact that there was a deficiency in the amount for medical service incurred by the Federal board prior to the time it was taken over by the Veterans' Bureau. They incurred some bills payable out of this appropriation, and that amount has been exhausted.

The CHAIRMAN. It was more than $35,000.

Mr. ROUTSONG. Yes, sir; that language was inserted to cover that particular deficiency,

The CHAIRMAN. I do not think you need it.

Mr. ROUTSONG. If those bills could be paid out of the medical and hospital appropriation, it would not be necessary. I would say leave it in, because it was inserted in order to cover certain bills that are unpaid and for which there were no funds.

Col. FORBES. That being the case, there is nothing to do but ask that it remain.

The CHAIRMAN. The current act provides for $60,000.

Mr. ROUTSONG. Yes, sir; and it is estimated that the deficiencies will amount to $35,000.

The CHAIRMAN. It was more than $35,000.

Mr. ROUTSONG. Yes, sir; that language was inserted to cover that particular deficiency.

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The CHAIRMAN. The current act provides for $60,000.

Mr. ROUTSONG. Yes, sir; and it is estimated that the deficiencies will amount to $35,000.

The CHAIRMAN. That is what that $35,000 is for?

Mr. ROUTSONG. Yes, sir.

REVOLVING FUND.

The CHAIRMAN. After the figures $77,257,000 appear the words and figures "of which sum not exceeding $500,000"——

Col. FORBES (interposing). That is the revolving fund.

The CHAIRMAN. I do not think there is any necessity for carrying that language, because that is the revolving fund; it is law, and it runs down to the bottom of the fifth line on the nineteenth page, ending with the word "commission."

Col. FORBES. We are quite a bit more careful about making allotments from this revolving fund. In the past men have gotten five and six loans from the revolving fund in one month. There is approximately $200,000 left in that revolving fund.

The CHAIRMAN. We ought not to put it in now, because it adds $500,000 more to the fund.

Col. FORBES. That revolving fund should be exactly what it is intended to be.

Mr. ROUTSONG. The intention was not to ask for any additional money, but it was simply to quote the old appropriation.

The CHAIRMAN. But if we put this language in the bill we just add $500,000 more to your revolving fund.

Mr. ROUTSONG. That was not the intention.

The CHAIRMAN. And it makes you careless in its administration.

Col. FORBES. There is no question about that.

The CHAIRMAN. Whereas if we restrict you the fund will be judiciously administered.

Mr. ROUTSONG. As I say, it was not intended to ask for additional money but simply to quote the old act, because it was thought necessary to do that.

RENT.

The CHAIRMAN. Then there is another thing. On page 19 you also carry language which should not be in the bill, language referring to the amount which may be expended for rent. You see, you are asking for a deficiency appropriation, and you already have a limitation on the amount you can pay for rent; that limitation is carried in the original act and it is $5,000. You see, we are preparing a deficiency bill and making new appropriations, so that every time you repeat these figures it means a new appropriation.

Col. FORBES. I am just wondering whether that language does mean that you are adding $500,000.

The CHAIRMAN. It does, absolutely, because whatever is contained in this bill will be in addition to what we have done in the past.

Col. FORBES. I see. We have $200,000 left in that fund and, of course, with our increased trainees I am wondering whether this revolving fund of $500,000 will meet all the demands upon it, so that the revolving fund would be exhausted before we could again make it operative.

The CHAIRMAN. You will come here in December for the next annual bill and you can submit that to us at that time. I do not think it should be carried in this bill.

Col. FORBES. If we should exhaust this fund we would have to cease making any loans.

The CHAIRMAN. I think you will have to use some discretion about collecting the loans you have already made.

Col. FORBES. I agree with you.

Mr. GALLIVAN. As a matter of fact, when you put that language in the thought that occurs to you now did not occur to you then.

Col. FORBES. No. Of course, when the $500,000 was asked we only had 40,000 trainees.

Mr. ROUTSONG. Less than that.

The CHAIRMAN. I do not think we ought to put it in a deficiency bill and, any way, you have no deficiency.

Col. FORBES. Of course, if this should appear as a deficiency and an additional amount were granted to the bureau, we would have a revolving fund of $1,000,000. I think you are correct in that.

The CHAIRMAN. And we do not want you to have that much.

Col. FORBES. $500,000 is all you are permitting us to use as a revolving fund, and we will have to make it go as far as we can, despite the number of people who apply for relief.

The CHAIRMAN. It is easy to let people have money if you have it loose in your pocket.

Mr. ROUTSONG. I might say, in regard to salaries and expenses for the central office and for the district offices, that when you come to consider the 1923 appropriations you will find that the director has asked for a separate appropriation to cover all administrative expenses, so that you will know your administrative cost, and it will come out of one pocket instead of three, as at present.

The CHAIRMAN. We will be glad to deal with that when we get to it.

Mr. ROUTSONG. You mentioned that, and I just wanted to inform you that Col. Forbes had anticipated it.

The CHAIRMAN. We have on page 20 an item that deals with medical and hospital services, which we will not take up until after lunch. In the meantime, I would like to ask whether you would like to have some of the Public Health officials here, as you allot most of these amounts to them, to help answer some of the questions that may be asked?

Col. FORBES. Yes, sir.

The CHAIRMAN. What officials would you like to have?

Col. FORBES. Dr. Lavinder, of the Public Health Service.

MEDICAL AND HOSPITAL SERVICES.

ALLOTMENT OF APPROPRIATION.

The CHAIRMAN. We have before us an item, found on page 20 of the bill, of $43,691,803.44. The appropriations already made for the current fiscal year amount to $33,000,000. We would like to have somebody tell us how this $43,000,000 item is arrived at, what is intended to be done with it, how it is subdivided, how it is allocated, who has jurisdiction over its expenditure, and what particular activities are involved in the distribution of the fund.

Mr. ROUTSONG. Mr. Chairman, this appropriation is expended, in part, by the United States Veterans' Bureau and in part through allotments to the War Department, Navy Department, National Homes for Disabled Volunteer Soldiers, and the Public Health Service. We are directly responsible for the expenditures made direct by the Veterans' Bureau. This responsibility, I believe, is an implied responsibility as regards the allotment of funds to the branches of the service which I have enumerated. We have felt responsible to the extent of inquiring into the method of expenditure, the distribution of the expenditure, and the service rendered for the money so allotted.

NUMBER AND PER DIEM COST OF PATIENTS IN ARMY HOSPITALS.

I might say that in arriving at the total of the estimated expenditure for the current year, of $76,691,803.44, it was estimated that the average number of patients who would be placed in Army hospitals would be 1,247, which is the average number that would be there at any one time, and that the average cost per diem in Army hospitals would be $4.38.

The CHAIRMAN. For how long a period?

Mr. ROUTSONG. This is throughout the year 1922.

Mr. SISSON. Did you say the per diem cost was $4.38?

Mr. ROUTSONG. Yes, sir; that is the estimated per diem cost. That, of course, does not include all of the overhead and other expenses to the Government, but the expenses which must be met out of this appropriation.

The CHAIRMAN. What do those expenses include; that is, what is covered by the $4.38 per diem?

Mr. ROUTSONG. The War Department has, of course, its own patients and ours in addition. We are billed at the rate of $3.50 per

day, plus the pay of the additional personnel which they require to take care of our patients, and we allot them so much to pay the necessary personnel. We have included that amount in the total of $4.38 per diem.

The CHAIRMAN. Is $3.50 per diem the cost to the Army?

Mr. ROUTSONG. That is the cost to the Army; that is the prorated expense.

The CHAIRMAN. You say there are 1,247 patients?

Mr. ROUTSONG. Yes.

Mr. SISSON. I do not know that I understand that exactly. How much did you say was the cost per patient?

Mr. ROUTSONG. $4.38 is the gross amount.

Mr. SISSON. And you say $3.50, plus a certain amount for overhead, is paid to the Army?

Mr. ROUTSONG. Yes, sir.

Mr. SISSON. And the overhead would be the difference between $4.38 and $3.50?

Mr. ROUTSONG. Yes, sir.

Mr. WOOD. You said that was not all the cost. What is the other cost, and if this other cost were included what would be the per diem cost?

Col. PATTERSON. That would be for maintenance and repair; the per diem rate of $4.38 counts in everything but maintenance and repair.

Mr. WOOD. You do not know how much that is?

Col. PATTERSON. No; but I could tell you what it was for last year. That depends on what repairs are needed during any year, and you can only make an estimate on that.

Mr. KELLEY. You mean you repair Army hospitals out of some funds in addition to this $4.38?

Col. PATTERSON. Yes, sir. If there was a repair necessary they would prorate it between the Army appropriation and the Veterans' Bureau appropriation, and the Veterans' Bureau would have to pay its share of the money expended in making the necessary repair.

NUMBER AND PER DIEM COST OF PATIENTS IN NAVAL HOSPITALS.

The CHAIRMAN. Please go on with the next item.

Mr. ROUTSONG. In the Navy hospitals it is estimated that we will have an average of 924 patients at a daily rate of $4.24. We are billed $3 per day by the Navy Department, and in arriving at this $4.24 we have figured the amount they have requested for the payment of the necessary personnel, just as we figured the War Department cost. There is a slight difference in these two amounts of 14 cents per day which I have not analyzed, and I am not prepared to tell you just why there is that difference.

Mr. WOOD. Why do you pay the Army $3.50 and the Navy $3?

Mr. ROUTSONG. They bill us for that, Mr. Wood, and apparently there is a difference in the cost as between the hospitals. Then, too, if you were to make an intensive study of that you would find that there is a difference in the cost, depending on the type of patients cared for. It costs more to take care of one type of patient than another. For instance, patients that are ambulatory, that is, able to be about, do not cost aa much as bed patients. Col. Patterson

could tell you more about that in detail, but there is that difference. The difference is explained in the character of the patients.

Mr. KELLEY. Of that $4.24 how much is allocated for the hospital ration?

Col. PATTERSON. That is a varying figure and may be up to $2 or $3; the rest is for the pay of the personnel. The $3 would represent food, medicines, drugs, supplies, and all the other things that are given to a patient in a hospital.

Mr. KELLEY. You do not know how much the food is by itself?

Col. PATTERSON. I do not know what the Navy ration is at present. Of course, in the Army it varies according to what the Secretary of War announces it shall be during each year.

Mr. GALLIVAN. Would these patients eat the ration?

Col. PATTERSON. No, sir; they would not; they would eat it in part but they must also have special articles of diet.

Mr. KELLEY. What is the Army hospital ration?

Col. PATTERSON. That varies, you know. You mean, what it costs?

Mr. KELLEY. Yes.

Col. PATTERSON. That also varies.

Mr. KELLEY. Well, about what?

Col. PATTERSON. It would run from 75 cents to $2 a day.

Mr. KELLEY. Mr. Anthony, in making your appropriations for the Army do you not specify the hospital ration?

Mr. ANTHONY. No; it is not specified, but it runs just about double what the regular ration is.

Col. PATTERSON. I do not know what the value of the Army ration now is this year. It is about 53 cents, is it not, Mr. Anthony?

Mr. ANTHONY. We appropriated on the basis of 39 cents, but the Department has estimated a higher ration.

NUMBER AND PER DIEM COST OF PATIENTS IN NATIONAL HOMES FOR DISABLED VOLUNTEER SOLDIERS.

The CHAIRMAN. Proceed with these items in order.

Mr. ROUTSONG. In the National Homes for Disabled Volunteer Soldiers it is estimated we will have an average of 3,204 patients.

The CHAIRMAN. What is the rate?

Mr. ROUTSONG. I am not prepared to give you a figure as to the per diem cost in the National Military Homes, but I am prepared to give you an analysis of the amount they received last year and their estimates as to their requirements for this year.

The CHAIRMAN. Give us what it cost last year. There must be somebody who knows that.

Mr. ROUTSONG. I have that, Mr. Chairman. The gross cost was $5,070,000 last year.

The CHAIRMAN. Divided among how many patients?

Mr. ROUTSONG. The average number of patients was 1,208, but you should bear in mind that this $5,070,000 includes $3,768,285.08 which was spent under the head of alterations and improvements in the military homes. The fact that it is possible to spend out of this appropriation for what might be called "capital expenses," as well as operating expenses, makes it very difficult to actually arrive at what the per diem cost would be in the military homes, where there are

extensive changes and improvements, and I have been unable to get for you, for my own use, or for the use of Col. Forbes or Col. Patterson, a figure that I believe truly represents the actual per diem rate in the military homes.

Mr. ANTHONY. Have you gone far enough into the figures to find out that the actual per diem cost at the homes is less than that in either the Navy or Army? I mean for maintenance and not for construction or anything of that kind.

Mr. ROUTSONG. I think it is less because of the fact that they are well organizad and equipped and a going concern. You will understand that there is a great difference in the overhead cost.

Mr. ANTHONY. I wish you would put in the record the actual per diem cost of the maintenance of these men at the National Soldiers' Homes as compared with Navy and Army hospitals.

The CHAIRMAN. Cutting out the construction?

Mr. ANTHONY. Yes.

The CHAIRMAN. If you take out the construction, how much would it be? You can easily calculate that.

Mr. ROUTSONG. Because of the fact that in the national military homes our medical and hospital appropriations has been used in effect as a deficiency appropriation, it is practically impossible for me to give you a truthful per diem cost. For instance, if they have so much appropriated for a given subject at one of the homes—take Dayton, for example—and that particular appropriation is exhausted, they supplement that appropriation with an amount sufficient to carry them through the remainder of the year.

The CHAIRMAN. Supplement it from what?

Mr. ROUTSONG. From medical and hospital services by requesting an allotment; they have done that in the past.

Mr. SISSON. Is the statute creating this activity sufficiently broad to justify that?

Mr. ROUTSONG. It is.

Mr. ANTHONY. What you mean is that they have replenished the funds that were originally voted to them by Congress by money which you pay them for the support of the patients there?

Mr. ROUTSONG. Yes, sir.

Mr. ANTHONY. That is, they will allocate that to the various homes?

Mr. ROUTSONG. Yes.

The CHAIRMAN. Let us understand this thing. The appropriations up to this time for the National Soldiers' Homes were made for the care of veterans of the Civil War and Spanish American War, and after it was decided to send soldiers of the late war to these homes, of course the funds appropriated for the care of the other soldiers would not be sufficient, and they would then be required to call on you for the amount necessary to maintain those that were sent by you to these homes, and naturally they would use such funds for the maintenance of the homes?

Mr. ROUTSONG. There is nothing questionable about that procedure and I simply stated it to show you the difficulty in arriving at an actual per diem cost of our patients apart from the cost of the regular inmates of the homes.

Mr. SISSON. That of itself would be sufficient to make very strong grounds for criticism because you can not keep up with your funds

PER DIEM COST OF MAINTENANCE OF HOMES FOR DISABLED VOLUNTEER SOLDIERS.

The CHAIRMAN. At the last hearing at which Col. Wadsworth appeared he submitted, at the request of the committee, a statement showing the per diem cost of maintaining the homes, and it was divided in this way: $0.012 for general headquarters, expenses of board of managers, including salaries of officers and employees, headquarters office, traveling expenses, etc.; current expenses, salaries of all officers and employees engaged in connection with the management of the branch, $0.11; subsistence, salaries of all employees engaged in connection with the preparation and serving of meals, $0.409; household, $0.204; hospital, $0.146; transportation, $0.004; repairs, $0.097; farm, $0.039; and clothing, $0.054; making a total of $1.075.

Col. PATTERSON. That is for the inmates of the soldiers' homes and does not refer to our people, because they cost a great deal more than the regular men who are domiciled in the institutions.

The CHAIRMAN. Of course, that is the average cost.

Col. PATTERSON. That is the average cost of the men who are domiciled there, but our men go in as hospital patients, and, of course, cost a great deal more.

Mr. ANTHONY. My experience with the soldiers' homes has been that they are the most economically operated branch of the Government service that I have ever come in contact with. I have not always agreed with them; I have opposed them because they have been too economical, but they certainly do get 100 cents on the dollar for the money we appropriate.

The CHAIRMAN. You were allowed to put the World War patients into these soldiers' homes for hospital treatment, is that right?

Mr. ROUTSONG. Yes, sir.

The CHAIRMAN. You must have made some arrangement with the management as to the cost of the maintenance of the men who were placed there, or somebody must have done that.

Mr. ROUTSONG. There has been no per diem cost agreed upon; they have requested, just as the other branches of the service have requested, an allotment in advance. I think they use for their own purposes the figure of $2 per diem in requesting their allotments, but that, I believe, bears no relation to the actual cost of our hospitalized patients in their homes. I might say that I made a trip to Dayton for the purpose of making a very intensive study of their accounting methods, and they are now setting up a system which, I believe, will give us a true picture of the cost of caring for the Veterans' Bureau patients, but up to this time they have not segregated that sufficiently for us to obtain a comparison as between the soldiers' homes and the other branches of the service.

Mr. SISSON. It looks to me as though it would be a very simple proposition to get the per diem cost. You allot them a certain amount of money, and then during that time you have a certain number of hospital days, so that it seems to me it would be easy to determine, by reason of knowing the number of hospital days, the daily cost per soldier. It seems to me it would be a very simple proposition if you made an effort to do that.

Mr. ROUTSONG. It would were it not for the fact that they use their own appropriations for the Veterans' Bureau patients.

Mr. SISSON. That is all right, but you pay them back, do you not?

Mr. ROUTSONG. No.

Mr. ANTHONY. That is, the expenses of the institution come out of their own fund?

Mr. ROUTSONG. Yes, sir.

Mr. SISSON. Then, the cost per patient is arrived at by the number of hospital days and the amount of your money which they spend?

Mr. KELLEY. You do not know how much it costs them and how much it costs you?

Mr. ROUTSONG. Yes, sir; we know exactly.

Mr. KELLEY. Tell us what it costs you.

Mr. ROUTSONG. For 1921 the total amount allotted to them was $5,070,000 and we estimated that allotment to be made to them, but as I explained before, that includes $3,768,000 which was disbursed for alterations and improvements. This year, 1922, we estimate that it will be necessary to allot them a total of $2,500,000, out of which we estimate $2,000,000 will be required for hospiltalization and $500,000 for alterations and improvements. That is approximately at the rate of $2 per diem—a little less than that.

Mr. SISSON. How many men will you put there?

Mr. ROUTSONG. We will have an average of 3,204. At the beginning of the year there were in hospitals of the soldiers' homes 2,429, and that number will gradually increase, we estimate, to 3,987, and the average will be, as I said, 3,204.

The CHAIRMAN. Let us see what they did last year. First, you allotted them $5,070,000, and $3,768,000 of that was for repairs and to make facilities for hospitalization?

Mr. ROUTSONG. Yes, sir.

The CHAIRMAN. $1,302,000 was left, with which to provide the hospitalization. Divide that by 3,204——

Mr. ROUTSONG (interposing). You have 1921.

The CHAIRMAN. I am talking about 1921.

Mr. ROUTSONG. The average number in hospitals was 1,208.

The CHAIRMAN. That would be one thousand and eighty odd dollars a year or about $3 a day?

Mr. ANTHONY. A little less, about $2.75.

Mr. BYRNS. May I read a statement on that point from the hearings on the sundry civil appropriation bill:

The CHAIRMAN. If I get your figures correctly here with regard to your total estimates, they are for the treatment of 1,000 ex-service men 365 days in the year, and for that service, including this increase in the bonus, you are asking for $816,500, or about $2.20 per day.

Col. WADSWORTH. That is about what it is.

The CHAIRMAN. According to these figures, your cost is $2.20 per day per man, whereas the Government is now paying for this same kind of treatment under the Public Health Service at least twice that much.

Maj. WADSWORTH. Yes, sir.

That was the statement made before the committee.

The CHAIRMAN. Permit me to ask this question in connection with this matter. Does the National Soldiers' Home Board bill you for the number of patients you have there; and if so, do they state the rate per day which they charge for these men in the bill or do they simply ask you for a lump sum and you allot it and they never pay any further attention to it?

Mr. ROUTSONG. That has been the way in which that has been handled in the past.

The CHAIRMAN. Which way? I suggested two ways.

Mr. ROUTSONG. The lump-sum allotment has been made. I may say that it is the intention of the director that no future lump-sum allotments shall be made without a supporting detailed bill as to the past period and an estimate of the number of patients and the hospitalization cost per day.

The CHAIRMAN. Would you not think that the nicest way, the cleanest way, the most systematic and business-like way would be for them to bill you every month for the number of patients and then for you to send them a draft, because then you would know what it is costing?

Mr. ROUTSONG. Their answer to that—not my answer—is as regards allotments, that where they have to contract for any large amount, which is for the whole year or in the case of construction, alterations, or improvements, they must have transferred and available for their disposal the total amount involved in the obligation before they can close a contract of that kind. That has been their objection to proceeding on that basis.

The CHAIRMAN. Do they make an estimate of what the total cost of repairs will be before they get the allotment?

Mr. ROUTSONG. They have not done that in the past.

The CHAIRMAN. As a matter of fact, your section of the Government's activity in relation to these men, has no knowledge whatever, except the request of the other people, as to what is to be done with the money, how much it is going to cost, and what the accounting system will be?

Mr. ROUTSONG. We have been unable to control their accounting methods.

Mr. WOOD. Have you ever figured out from one of these hospitals how much it is costing you per man per day as compared to what it is costing you per man per day at another hospital, to see whether they are tracking along about alike?

Mr. ROUTSONG. We have not been able to do that.

Mr. WOOD. I should think that would be a good scheme.

Mr. BYRNS. You said that you could not control their accounting methods. Can not you do that when they call on you for an allotment, ask what they want to do and how many men they intend to care for?

Mr. ROUTSONG. Up to this time lump-sum allotments have been made. It is the intention of Col. Forbes that future allotments will not be made without supporting statements as to the expenditure over the period which the previous allotment covered and the estimated requirements over the period for which the allotment is requested.

ALLOTMENTS FOR ALTERATIONS AND REPAIRS.

Mr. BYRNS. Do I understand that it has been the custom under the past administration of the bureau for them to make a request for an allotment of, say, $100,000 with no statement as to what they wanted to do with it?

Mr. ROUTSONG. Not a detailed statement; it has been a general statement that it was for alterations or improvements.

Mr. BYRNS. Would they not tell them how much they needed for alterations and improvements?

Mr. ROUTSONG. There was not a detailed statement.

Mr. ANTHONY. Before you allot money from the Veterans' Bureau, are not the figures carefully gone over by the committee of which Dr. White of the Treasury Department is the head?

Mr. ROUTSONG. No; Dr. White's committee——

Col. PATTERSON (interposing). For hospital construction?

Mr. ANTHONY. Yes, sir.

Col. PATTERSON. The White committee concerns itself solely with the construction of new hospitals and up until August 9 the Veterans' Bureau had practically nothing to say as to the expenditure of this fund.

Mr. ANTHONY. But Dr. White's committee would have charge of the allotment of this money from the Veterans' Bureau to the Soldiers' Home Board for construction purposes?

Col. PATTERSON. No, sir. The Secretary of the Treasury approves that. There are four of those in the process of construction, for the enlargement of existing soldiers' homes, which have been approved by the Secretary of the Treasury, and, I may say, also by the President, by Col. Forbes, and those who decide upon the policy of the Veterans' Bureau. Following that policy, since the date mentioned at the request of the Director of the Veterans' Bureau the White committee are undertaking certain new construction and they have the matter now in hand.

Mr. SISSON. Going back now to this item and using the figures which Mr. Byrns used, say, $100,000, for improvements or construction, who checks up the expenditure of that fund?

Mr. ROUTSONG. All of these allotments were made prior to the organization of the Veterans' Bureau.

Mr. SISSON. But who checks that up to see that it is properly expended?

Mr. ROUTSONG. In answer to your question I will say it was felt that it was the business of the War Department to spend economically that fund which was allotted to it and to check it up.

Mr. SISSON. Congress appropriates the money and yet the department that actually takes that money out of the Treasury by alloting it to these other people has not had any checking account of any kind to determine how the money has been spent. In other words, it does strike me as being a very loose system of transacting business. I believe you stated that $3,000,000 had been allotted for improvements?

Col. PATTERSON. $3,768,285.08 in 1921.

Mr. SISSON. Somebody ought to be able to voucher the expenditure of that money. Suppose that this committee, which is a committee of Congress, or a subcommittee should ask for the vouchers, which they might sometime do, if they are willing to go over them, and that would certainly be the case if some wrong should occur requiring a congressional investigation, you gentlemen would just say, "We transferred it to their credit on the books of the Treasury." Whose duty is it, under the law, to voucher all of this money?

Mr. ROUTSONG. After the allotment has been made our obligation as to its economical expenditure and the accounting for it——

Mr. SISSON (interposing). Ends?

Mr. ROUTSONG. Seems to end. The War Risk Insurance Bureau, if the allotment was in the hands of the Public Health Service, would have to look to them for an accounting of the amount which was allotted to them.

Mr. BYRNS. I recall, when the committee decided to put some of these men, permitted them to be placed in hospitals in the soldiers' homes, that the director at that time very strongly insisted that he was responsible for the hospitalization of the ex-service men, and he ought to have control of the funds in order that he might know just what it was costing and to keep track of every dollar which was spent, and the committee, realizing that he was responsible, placed under the director this fund, so that he could make these various allocations to the soldiers' homes. Now, I understand, as a matter of fact, that there has been no close supervision of the fund or information obtained as to just how it is to be expended and as to what the hospitalization of these ex-service men in the soldiers' homes is costing.

Mr. ROUTSONG. I feel, Mr. Chairman, that that is a subject which the Director himself should discuss more in detail. I have told you of the policy in the past.

The CHAIRMAN. I understood you to say just a short time ago, I think in response to a question by Mr. Anthony, that you had no control over the accounting. You are an intelligent man and you do not mean to tell us that anybody who has the power to allot has not the power to make the conditions of the accounting before he makes the allotment.

Mr. ROUTSONG. I did not say that. I said that it was not done before the organization of the Veterans' Bureau.

The CHAIRMAN. That is equivalent to saying it. That is still worse. If you were to admit that you had not the power to do it, there would be some excuse. There is absolutely no excuse to say it was not done when you had the power and must by inference admit that you had the power.

Mr. ANTHONY. In looking over the language of the law I find it provides that this money shall be allotted and transferred from the Veterans' Bureau to the Public Health Service or the Soldiers' Home Board, transferred to their credit for disbursement.

The CHAIRMAN. But it does not provide that it shall not be transferred without conditions?

Mr. ANTHONY. It provides that it shall be transferred to their credit for disbursement.

The CHAIRMAN. It might provide that you would have the power to sign a check for an account which I would render, but you would not sign that check without examination?

Mr. ANTHONY. I agree that since the activities are consolidated the Veterans' Bureau should obligate itself, but undoubtedly Congress gave them absolute authority to transfer this money to these other bureaus for disbursement.

Mr. SISSON. The auditor would not allow the accounts without that authority; that right of allotment does not mean that you must make the allotment without conditions.

The CHAIRMAN. I am going to say this in response to my colleague's statement. The law provides that the money shall be allotted from time to time to the Public Health Service and to the

Board of Managers of the National Home for Disabled Volunteer Soldiers. It does not say that you shall allot indiscriminately, without rhyme and without reason or condition—you may allot, but it does not say that you must allot without any conditions. It would be absurd to assume that any sane man would allot to some other man just because the law suggests that he may allot and that then the other man can do with it as he pleases.

Mr. SISSON. If you will excuse me for a minute, I want to call the attention of the committee and the representatives of the War Risk Insurance Bureau to this particular language:

This appropriation shall be disbursed by the Bureau of War Risk Insurance—

Please listen, now.

and such portion thereof as may be necessary shall be allotted from time to time to the Public Health Service.

But you will notice that the distribution of this fund is particularly under the control of the War Risk Insurance. If I had the management of it I would want to know exactly how you were going to spend it and then want you to voucher me for it so that I could account back to this committee or to the Secretary of the Treasury, in the event he should ask me to do so.

The CHAIRMAN. What is the policy now with respect to this proposed appropriation?

Mr. ROUTSONG. I am very glad to hear the position of this committee because I have heard very explicitly what Col. Forbes said about how he wanted these accounts kept and the sort of report that he wanted as regards past expenditures and the purposes for which allotments were to be made. I have written repeated letters to every branch of the service on that very thing. There has been only a partial response. We know how many patient days we have for each hospital. That is quite different from having detailed information as to where the money went and the exact purpose for which it was spent. We get a gross estimate on the number of patient days that we are providing for when we allot a certain amount of money to the War Department or to the Navy Department.

The CHAIRMAN. Knowing the conditions when you made that allotment, it should be accounted for?

Mr. ROUTSONG. That we have done.

The CHAIRMAN. When did you commence to do it?

Mr. ROUTSONG. I should say——

The CHAIRMAN (interposing). Last week?

Mr. ROUTSONG. No, sir.

The CHAIRMAN. When?

Mr. ROUTSONG. The 1st of July or thereabouts.

The CHAIRMAN. It is being done? That is to cover this fiscal year?

Mr. ROUSONG. Yes, sir.

The CHAIRMAN. How often do you require these statements to be sent in?

Mr. ROUTSONG. In the instance of the Public Health Service, the Army and Navy, their allotments have been made quarterly.

The CHAIRMAN. How often do you require the statements to come in as to the way the sum is being used?

Mr. ROUTSONG. I have just been in conference with Dr. Lavinder. We have had several conferences and we are arranging now to have a monthly statement of expenditures for hospitals, which will show both the operating expenses, what we might call the direct expenses, and the indirect expenses and overhead, as represented by the capital outlay for each hospital.

The CHAIRMAN. These people in the Army—and the Public Health Service is a very close adjunct to the Army—do not know anything about money and they care less.

Mr. ANTHONY. Please do not mix the Public Health Service with the Army.

The CHAIRMAN. They do not know anything about money matters. The people that are working out in the fields throughout the rest of the country are anxious to find out what is being done with their money, why they are being taxed so much, and we want to give the people at least a partial insight into the necessity of some systematic way of conserving public funds.

Mr. ROUTSONG. We have requested that sort of information.

The CHAIRMAN. You can not get it by requesting it; you have to insist upon it. We are not getting anything from you people by requesting; we have to drag it out of you with a corkscrew.

The law provides that "this appropriation shall be disbursed by the Bureau of War Risk Insurance." That is what it says.

Mr. WOOD. And there should be a penalty attached.

The CHAIRMAN. If these people to whom allotments are made are not complying with the conditions laid down and they fail to get another allotment, let them stand the responsibility before the public.

Col. FORBES. The responsibility is upon us to take care of the patients.

The CHAIRMAN. I know, but they will not turn the patients out. They are just as liable to criticism as you are.

Mr. SISSON. We will cross that bridge when we get to it.

Mr. KELLEY. What are the elements of cost in the Army and Navy hospitals over and above the elements that go into this soldiers' home cost that makes the difference of $2 a day?

Col. PATTERSON. I do not know whether I can answer that completely. I would say that the first thing would be that the personnel is a much more expensive personnel than that operated by the National Soldiers' Home for Disabled Soldiers.

Mr. KELLEY. Do the nurses cost more?

Col. PATTERSON. I think the national soldiers' homes pay less for their professional personnel and for their civilian personnel than is probably paid in either the Army or the Navy.

Mr. WOOD. It is not because those who are receiving treatment in the soldiers' homes receive worse treatment; they get equally as good treatment?

Col. PATTERSON. In general, I think the treatment in the National Homes for Disabled Volunteer Soldiers is satisfactory, but I do not believe it is on the same professional standard as in the Army and Navy.

Mr. WOOD. Do you not think it is because it is a new institution, created in abnormal times when abnormal prices were paid for everything?

Col. PATTERSON. I think that has a great deal to do with it.

Mr. KELLEY. There are a great many Navy and Army hospitals that are old and as well established as the soldiers' homes and as well organized and, perhaps, better?

Col. PATTERSON. Of course, they have been subject to a great many changes. You take the Walter Reed Hospital; that was expanded in the war to about 3,500 beds. It is now down to about 1,500. In the sudden fluctuations there is bound to be some expense created that can not be prevented. I think in the case of the soldiers' homes they have a fairly constant attendance. They are now going into the hospital business on a larger scale than ever before. It will be interesting to see what it will cost them in the future as compared to the present. They are going to take more hospital patients than ever before. Most of their own people are merely domiciled in their institutions. They have small hospitals to take care of acute cases, whereas now we have to require them to have large hospitals to take care of the Veterans' Bureau cases.

HOMES VACATED AND TURNED OVER TO PATIENTS OF VETERANS' BUREAU.

Mr. BYRNS. They have absolutely vacated some of the soldiers' homes, the homes for soldiers of past wars, and turned them over entirely to the Veterans' Bureau?

Col. PATTERSON. No, sir.

Mr. BYRNS. Is not that true of Johnson City, the Mountain Branch?

Col. PATTERSON. They have some of their own people there yet.

Mr. BYRNS. I thought they had taken them all out?

Col. PATTERSON. No, sir.

Mr. SISSON. I thought that the home at Johnson City was practically abandoned, that all except the help had been taken away?

Col. PATTERSON. I think I saw a report of 38 or 39 of their own people yet there.

The CHAIRMAN. Please tell us about the new system that you have now?

Col. PATTERSON. I think Mr. Anthony could answer your question; with respect to the home in Leavenworth they have their old soldiers beside the Veterans' Bureau beneficiaries?

Mr. ANTHONY. I think three of the soldiers' homes have been practically depleted of the older residents, Johnson City, Marion, and Milwaukee.

Col. PATTERSON. Although they have some at each of those homes?

Mr. ANTHONY. Yes, sir.

Mr. CANNON. I think that more of the soldiers of the Civil War and Spanish War were sent to Danville than anywhere else.

Mr. ANTHONY. That is right.

Mr. CANNON. I doubt if the Danville Home has any of the soldiers of the late war.

Col. FORBES. Danville has a few vacant beds for War Risk beneficiaries.

Col. PATTERSON. There are 22 men, Veterans' Bureau patients, in Danville at the present time only.

Mr. CANNON. They must have come from the other soldiers' homes.

The CHAIRMAN. Is there anything further you wish to say as to the Public Health Service?

ESTIMATED NUMBER AND COST PER DAY OF PATIENTS.

Mr. ROUTSONG. It is estimated that there will be an average of 16,821 patients throughout the year, and we have estimated that the amounts chargeable to the cost per patient day in hospitals when summed up and divided by the total number of patient days would be approximately $4.64.

The CHAIRMAN. Indicating that the Public Health Service is rather more extravagant than any other place?

Col. FORBES. I should like to take an exception to that. I do not think that the Public Health Service hospitals are being operated for $4 a day.

The CHAIRMAN. This is $4.64.

Mr. KELLEY. What do you think it costs?

Col. FORBES. Nearer $7.

The CHAIRMAN. Per patient.

Col. FORBES. Yes, sir.

Mr. ANTHONY. That is when you take into consideration the cost of construction?

Col. FORBES. No, sir; the cost of operating the hospital, including its overhead.

The CHAIRMAN. The Surgeon General is present and perhaps he can answer that.

Dr. LAVINDER. May I say a word about hospital costs, Mr. Chairman?

The CHAIRMAN. Certainly.

Dr. LAVINDER. I spent a lot of time in computing hospital costs. It is not a standardized thing. It depends on how you figure. Possibly, if a man figures the overhead cost and the invested capital it would run higher than stated here.

The CHAIRMAN. $4.64?

Dr. LAVINDER. Yes, sir.

Mr. KELLEY. Nobody figures on the invested capital. Neither the Army nor the Navy does that.

Dr. LAVINDER. No, sir. If you are not figuring the large construction cost, I think that is probably a fair statement of the cost per day. The Public Health Service is in somewhat a different position from any other governmental agency that is running hospitals for the reason that we have to be an adjustable agency and we are required to meet any condition, to open a hospital where it did not exist, and to close one when not needed. It is very expensive to go out and rent a building not intended for a hospital, open it and use it for a while, and then close it down. It has been my experience that when you open a new hospital and furnish the personnel and the patients come in slowly that it sometimes costs $45 to $60 per day per patient while filling up and before your costs come down, but that is unavoidable.

The CHAIRMAN. Give us the rest of that.

Mr. ROUTSONG. In addition to this total amount of $28,493,000——

The CHAIRMAN (interposing). We are now dealing with the number of patients in the different hospitals. Are you through with that?

Mr. ROUTSONG. We still have patients in contract hospitals.

The CHAIRMAN. We want them all now. We have a statement covering 22,225 and you said you have 30,000, and we want to know what has become of the remaining 7,775.

Mr. ROUTSONG. Perhaps I had better enumerate the other amounts that will have to be allotted to the Public Health Service which we do not feel should be included in the $4.64 per diem. That is opening new hospitals, $2,000,000, dental service and clinics——

NUMBER AND COST PER DIEM OF PATIENTS IN CONTRACT HOSPITALS.

The CHAIRMAN (interposing). We are getting off of what we started on. We want to keep on with the thing we started with. We want to know where these other patients are.

Mr. ROUTSONG. It is estimated that there will be an average of 9,162 patients in contract hospitals throughout the year. We have estimated the average per diem cost there for the purposes of this deficiency estimate at $3.68 per day.

The CHAIRMAN. We get that cheaper than the rest?

Mr. ROUTSONG. That is the bid that the contract hospitals give the Veterans' Bureau for the service.

Col. PATTERSON. That varies as high as $4.

SPEEDWAY HOSPITAL.

The CHAIRMAN. I only know about one place personally, and while we are talking about hospitals, I suppose this would be the proper place to call it to your attention. At Chicago they built what was known as the Speedway Hospital, at a cost of about $3,500,000, and I am told that there are only about five or six patients there.

Col. PATTERSON. There are in that hospital right now (Oct. 27, 1921) 472 patients.

Mr. BYRNS. What is the capacity of that hospital?

Col. PATTERSON. One thousand beds in all for both patients and employees.

The CHAIRMAN. Have you taken them away from Oak Forest, out at the Cook County Poorhouse?

Col. FORBES. There are still patients there. Col. Patterson states that that hospital has a capacity of 1,000 beds: It was intended to be a 1,000 bed hospital, but 337 rooms in that hospital are set aside for employees. The Public Health Service made a contract with the town of Maywood to house in a hotel 125 additional employees that could not be accommodated in the Speedway Hospital.

The CHAIRMAN. Does it take that many employees to wait on 1,000 patients?

Col. FORBES. No, sir; that hospital will only accommodate about 700 patients.

The CHAIRMAN. Does it take 500 employees to wait on 700 patients?

Col. FORBES. In some hospitals it takes one employee for each patient. At Fox Hills, New York, when I was there the other day, they had almost 800 patients and over 800 employees.

The CHAIRMAN. How does that compare with private hospital service?

Col. FORBES. There are more employees than in some private hospitals, or at most private hospitals that we have been able to learn of.

The CHAIRMAN. Do they get better care here than in private hospitals?

Col. FORBES. They have more freedom. There is not the discipline exercised in our hospitals that they have in private hospitals, but they come and go practically at will.

The CHAIRMAN. What effect does that have upon the cost of attendance? Does it have any?

Col. FORBES. No, sir.

Mr. GALLIVAN. Do you know of any private hospitals where they would average as many as one attendant per patient?

Col. FORBES. No, sir.

Mr. GALLIVAN. Did you ever hear of it?

Col. FORBES. Yes, sir, in one case.

Mr. GALLIVAN. Was it a big hospital or a little one?

Col. FORBES. About a 100-bed hospital.

Mr. GALLIVAN. Where is it located?

Col. FORBES. I think it was somewhere in Ohio.

Mr. GALLIVAN. What kind of patients were treated?

Col. FORBES. Nervous patients.

Col. PATTERSON. I can answer that question. At the Peter Bent Hospital, in Boston, they have 600 people taking care of 200 patients. That is a private hospital.

Mr. GALLIVAN. They were left millions of dollars to take care of the institution, and probably they are trying to spend it.

(Telegrams sent and received by Hon. J. A. Gallivan:)

NOVEMBER 8, 1921.

SUPERINTENDENT PETER BENT BRIGHAM HOSPITAL,
Boston, Mass.:

Col. Patterson connected with medical department, United States Veterans' Bureau, testifying before my committee on appropriations to-day alleged that in your hospital there were employed 600 persons to take care of but 200 patients. Is this statement in accordance with facts? Desire this information at once, because of important legislation now pending in my committee with reference to cost of operating Public Health Service hospitals which are housing veterans of World War. Please send me wire reply to-day to room 526 House Office Building, Washington, D. C. Thanks in advance.

JAMES A. GALLIVAN, M. C.

BROOKLINE, MASS., *November 8, 1921.*

Hon. JAS. A. GALLIVAN,
Washington, D. C.:

There are present 327 people employed here who care for an average of 190 ward patients. This includes 132 nurses and 31 resident physicians. Don't count 18 visiting physicians nor 16 pupils listed in training school, but at other hospitals with which we are affiliated does include in addition to above the care of an average of 150 out patients daily.

J. B. HOWLAND, M. D.,
Superintendent Peter Bent Brigham Hospital.

The CHAIRMAN. Does the Public Health Service now control the Speedway Hospital?

Col. PATTERSON. Yes, sir.

The CHAIRMAN. We have reached the total number of assignments to hospitals, and the different hospitals have been indicated. Now, we would like to know what other expenses there are connected with this estimate of $43,691,000.

ALTERATIONS AND REPAIRS TO ARMY AND NAVY HOSPITALS, ALTERATIONS AND IMPROVEMENTS TO NATIONAL SOLDIERS' HOMES, AND OPENING NEW PUBLIC HEALTH SERVICE HOSPITALS.

Mr. ROUTSONG. The other items that are included in this total estimate are alterations and repairs to Army hospitals, $40,000; alterations and repairs to Navy hospitals, $35,000; alterations and improvements to national soldiers' homes, $500,000; and opening new Public Health Service hospitals, $2,000,000.

The CHAIRMAN. That is for Public Health Service hospitals?

Mr. ROUTSONG. Yes, sir. For dental services, including dental clinics, $2,179,614.26.

The CHAIRMAN. Is that independent of the hospital service or is it included in the hospital service?

Mr. ROUTSONG. That is not included in the $4.64 per diem cost. Operation of dispensaries, $2,750,000.

Mr. ANTHONY. Is that just for the occasional treatment of veterans?

The CHAIRMAN. That is for medicines, is it not?

Mr. ROUTSONG. Yes, sir; and for outside treatment.

Col. PATTERSON. That is for treatment outside of the hospitals?

MEDICAL PERSONNEL DETAILED TO VETERANS' BUREAU.

Mr. ROUTSONG. Then, it is estimated that the medical personnel detailed to the Veterans' Bureau will amount to $900,000?

The CHAIRMAN. What do you mean by medical personnel detailed to the Veterans' Bureau? Do you mean that you have that many men on your pay roll?

Col. PATTERSON. We have at the present time in the bureau a number of reserve officers of the Public Health Service who have been detailed to the headquarters of the bureau largely for the purpose of rating claims. In addition to that, we have among the personnel in the districts a large number of medical officers on duty.

The CHAIRMAN. Public health officers?

Col. PATTERSON. Yes, sir.

The CHAIRMAN. How many? $900,000 would pay a lot of them.

Col. PATTERSON. Yes, sir; there are a total of approximately 287.

The CHAIRMAN. What are their duties?

Col. PATTERSON. Their duties are varied in the districts.

Mr. KELLEY. Give the number as nearly as you can.

Col. PATTERSON. I can give you the number exactly in the record.

Mr. KELLEY. Give the number and their rank, with a statement of what they are doing.

Col. PATTERSON. That is, where they are on duty?

Mr. KELLEY. No; what they are doing.

Col. PATTERSON. We will specify their duties, or the duties they are assigned to. I might simply say generally that the medical officers in charge of districts, or in four or five districts, are public health officers.

United States Public Health Service officers detailed to United States Veterans' Bureau in district offices, showing status and duties by grades.

Districts.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	Total.
Surgeons (retired):															
Acting manager											1				1
District medical officer		1	1	1				1	1	1	1	1	1	1	10
Assistant district medical officer											1				1
Medical officer in charge							2			1		1		2	6
District medical inspector	1					1	1								3
Section chiefs	3	2	2	1	1		2	2	1	1		2	2		19
General examiners	2			1		1	3	1	1			2	1	2	14
District medical examiner							1								1
District examiner						1				1					2
District relief officer			1											1	2
Rating officer					1										1
Vocational officer							1								1
Hospital inspector													1		1
N. P. examiner			1												1
Total	6	3	5	3	2	3	10	4	3	4	3	6	5	6	63
Passed assistant surgeons (retired):															
District medical officers					1		1								2
Assistant district medical officer								1				1			2
Medical officer in charge			1	3		2		1			3	3	1	2	16
Section chiefs		1	1	2	2	2		1			3	1		1	14
General examiners	7	3	1	5	3	2	8	7	3		5	6	4	3	57
District medical examiner		1							1						2
District examiner			1					1				1		1	4
District relief officer					1	1	1						1		4
N. P. examiner				4							1	1			6
Eye examiner	1														1
General medical examiner	1														1
Dental examiner	2	1					1			1		1			6
Executive officer				1					1		1				3
Assistant section chief					1		1	1	1		2				6
T. B. examiner					1						1				2
District field officer										1					1
Surgical examiner											1				1
E. E. N. & T. examiner													1		1
Total	11	6	4	15	9	7	12	12	6	2	17	14	7	7	129
Assistant surgeon (retired):															
District medical officer	1														1
Section chief					1										1
General examiners	2	2		3	2	2	3	5	1	1		2			23
Dental examiners		1					1								2
Assistant section chief			1	1										1	3
Orthopedic examiner								1							1
District relief officer										1					1
T. B. examiner												2			2
Total	3	3	1	4	3	2	4	6	1	2		4		1	34
Grand total	20	12	10	22	14	12	26	22	10	8	20	24	12	14	226

Commissioned officers of the United States Health Service detailed to the United States Veterans' Bureau for duty:

DISTRICT NO. 1.

Boston, Mass.:
- Surgeon (R) 6
  - 3 section chiefs.
  - 1 district medical inspector.
  - 2 general examiners.
- Passed assistant surgeon (R) 11
  - 7 general examiners.
  - 1 eye examiner.
  - 1 general medical examiner.
  - 2 dental examiners.

Boston, Mass.—Continued.
- Assistant surgeon (R) 3
  - 1 district medical officer.
  - 2 general examiners.

Number of attending specialists on duty:
- Salary basis 45
- Fee basis 27
- Total 72

DISTRICT NO. 2.

New York City, N. Y.:
Surgeon (R) 3
1 district medical officer.
2 chiefs of sections.
Passed assistant surgeon (R) 6
1 district examiner.
3 general examiners.
1 chief of dental section.
1 dental examiner.

New York City, N. Y.—Continued.
Assistant surgeon (R) 3
2 general examiners.
1 dental examiner.

Number of attending specialists on duty:
Salary basis 33
Fee basis 27
Total 60

DISTRICT NO. 3.

Philadelphia, Pa.:
Surgeon (R) 5
1 district medical officer.
1 district relief officer.
2 section chiefs.
1 neuropsychiatric examiner.
Passed assistant surgeon (R) 3
1 district examiner.
1 general examiner.
1 chief of section.
Assistant surgeon (R) 1
1 assistant chief of section.

Pittsburgh, Pa.:
Passed assistant surgeon (R) 1
1 medical officer in charge.

Number of attending specialists on duty:
Salary basis 57
Fee basis 3
Total 60

DISTRICT NO. 4.

Washington, D. C.:
Surgeon (R) 1
1 district medical officer.
Passed assistant surgeon (R) 7
1 executive officer.
2 section chiefs.
4 neuropsychiatric examiners.
Assistant surgeon (R) 2
1 assistant chief of section.
1 general examiner.

Baltimore, Md.:
Surgeon (R) 1
1 general examiner.
Passed assistant surgeon (R) 5
1 medical officer in charge.
4 general examiners.
Assistant surgeon (R) 1
1 general examiner.

Richmond, Va.:
Passed assistant surgeon (R) ... 1
1 mecical officer in charge.
Assistant surgeon (R) 1
1 general examiner.

Norfolk, Va.:
Passed assistant surgeon (R) 1
1 general examiner.

Charleston, W. Va.:
Passed assistant surgeon (R) 1
1 medical officer in charge.

Number of attending specialists on duty:
Salary basis 37
Fee basis 1
Total 38

DISTRICT NO. 5.

Atlanta, Ga.:
Surgeon (R) 2
1 rating officer.
1 chief of section.
Passed assistant surgeon (R) 9
1 district medical officer.
1 district relief officer.
3 general examiners.
2 chiefs of sections.
1 assistant chief of section.
1 tuberculosis examiner.

Atlanta, Ga.—Continued.
Assistant surgeon (R) 3
2 general examiners.
1 chief of section.

Number of attending specialists on duty:
Salary basis 20
Fee basis 143
Total 163

DISTRICT NO. 6.

New Orleans, La.
Surgeon (R)..... 3
1 district medical officer.
1 district examiner.
1 general examiner.
Passed assistant surgeon (R).... 5
1 district relief officer.
2 section chiefs.
2 general examiners.
Assistant surgeon (R)..... 2
2 general examiners.

Shreveport, La.:
Passed assistant surgeon (R).... 1
1 medical officer in charge.
Birmingham, Ala.:
Passed assistant surgeon (R).... 1
1 medical officer in charge.

Number of attending specialists on duty:
Salary basis..... 39
Fee basis..... 3
Total..... 42

DISTRICT NO. 7.

Cincinnati, Ohio:
Surgeon (R)..... 7
1 district medical inspector.
1 district medical examiner.
1 vocational officer.
2 general examiners.
2 section chiefs.
Passed assistant surgeon (R).... 7
1 district medical officer.
1 district relief officer.
3 general examiners.
1 assistant chief of section.
1 dental examiner.
Assistant surgeon (R)..... 4
3 general examiners.
1 dental examiner.
Columbus, Ohio:
Surgeon (R)..... 1
1 medical officer in charge.

Evansville, Ind.:
Passed assistant surgeon (R).... 1
1 general examiner.
Indianapolis, Ind.:
Passed assistant surgeon (R).... 2
2 general examiners.
Louisville, Ky.:
Surgeon (R)..... 2
1 medical officer in charge.
1 general examiner.
Passed assistant surgeon (R).... 2
2 general examiners.

Number of attending specialists on duty:
Salary basis..... 151
Fee basis..... 28
Total..... 179

DISTRICT NO. 8.

Chicago, Ill.:
Surgeon (R)..... 4
1 district medical officer.
1 general examiner.
2 chiefs of sections.
Passed assistant surgeon (R).... 10
1 assistant district medical officer.
1 district examiner.
1 chief of section.
1 assistant chief of section.
6 general examiners.
Assistant surgeon (R)..... 6
5 general examiners.
1 orthopedic examiner.

Nauvoo, Ill.:
Passed assistant surgeon (R).... 1
1 general examiner.
Grand Rapids, Mich.:
Passed assistant surgeon (R).... 1
1 medical officer in charge.

Number of attending specialists on duty:
Salary basis..... 87
Fee basis..... 5
Total..... 92

DISTRICT NO. 9.

St. Louis, Mo.:
Surgeon (R)..... 2
1 district medical officer.
1 section chief.
Passed assistant surgeon (R).... 4
1 district medical examiner.
1 executive officer.
1 assistant section chief.
1 general examiner.

Omaha, Nebr.:
Passed assistant surgeon (R).... 1
1 general examiner.
Assistant surgeon (R)..... 1
1 general examiner.
Ames, Iowa:
Passed assistant surgeon (R).... 1
1 general examiner.

DISTRICT NO. 9—continued.

Des Moines, Iowa:
Surgeon (R) 1
1 general examiner.

Number of attending specialists on duty:
Salary 64
Fee basis 18
Total 82

DISTRICT NO. 10.

Minneapolis, Minn.:
Surgeon (R) 3
1 district medical officer.
1 district examiner.
1 section chief.
Passed assistant surgeon (R) 1
1 district field officer.
Assistant surgeon (R) 2
1 district relief officer.
1 general examiner.
St. Paul, Minn.:
Passed assistant surgeon (R) 1
1 dental examiner.

Helena, Mont.:
Surgeon (R) 1
1 medical officer in charge.

Number of attending specialists on duty:
Salary basis 37
Fee basis 5
Total 42

DISTRICT NO. 11.

Denver, Colo.:
Surgeon (R) 3
1 acting manager.
1 district medical officer.
1 assistant district medical officer.
Passed assistant surgeon (R) 12
1 executive officer.
3 section chiefs.
2 assistant section chiefs.
3 general examiners.
1 neuropsychiatric examiner.
1 tuberculosis examiner.
1 surgical examiner.
Pueblo, Colo.:
Passed assistant surgeon (R) 1
1 medical officer in charge.

Albuquerque, N. Mex.:
Passed assistant surgeon (R) 1
1 medical officer in charge.
Salt Lake City, Utah:
Passed assistant surgeon (R) 3
1 medical officer in charge.
2 general examiners.

Number of attending specialists on duty:
Salary basis 38
Fee basis 9
Total 47

DISTRICT NO. 12.

San Francisco, Calif.:
Surgeon (R) 3
1 district medical officer.
2 section chiefs.
Passed assistant surgeon (R) 5
1 assistant district medical officer.
1 district examiner.
1 section chief.
1 neuro-psychiatric examiner.
1 dental examiner.
Assistant surgeon (R) 4
2 general examiners.
2 tuberculosis examiners.
Phoenix, Ariz.:
Passed assistant surgeon (R) 1
1 medical officer in charge.
El Centro, Calif.:
Passed assistant surgeon (R) 1
1 general examiner.
Fresno, Calif.:
Passed assistant surgeon (R) 1
1 medical officer in charge.

Los Angeles, Calif.:
Surgeon (R) 3
1 medical officer in charge.
2 general examiners.
Passed assistant surgeon (R) 4
4 general examiners.
San Diego, Calif.:
Passed assistant surgeon (R) 1
1 medical officer in charge.
Reno, Nev.:
Passed assistant surgeon (R) 1
1 general examiner.

Number of attending specialists on duty:
Salary basis 26
Fee basis 2
Total 28

DISTRICT NO. 13.

Seattle, Wash.:
Surgeon (R)..... 5
1 district medical officer.
1 hospital inspector.
2 section chiefs.
1 general examiner.
Passed assistant surgeon (R)..... 4
1 district relief officer.
2 general examiners.
1 eye, ear, nose, and throat examiner.
Spokane, Wash.:
Passed assistant surgeon (R)..... 1
1 medical officer in charge.
Fort Steilacoom, Wash.:
Passed assistant surgeon (R)..... 1
1 general examiner.
Pocatello, Idaho:
Passed assistant surgeon (R)..... 1
1 general examiner.

Number of attending specialists on duty:
Salary basis..... 15
Fee basis..... 27
Total..... 42

DISTRICT NO. 14.

Dallas, Tex.:
Surgeon (R)..... 4
1 district medical officer.
1 district relief officer.
2 general examiners.
Passed assistant surgeon (R).... 4
1 district examiner.
1 chief of section.
2 general examiners.
Assistant surgeon (R)..... 1
1 assistant chief of section.
El Paso, Tex.:
Surgeon (R)..... 1
1 medical officer in charge.
Houston, Tex.:
Surgeon (R)..... 1
1 medical officer in charge.
Waco, Tex.:
Passed assistant surgeon (R)..... 1
1 medical officer in charge.
Oklahoma City, Okla.:
Passed assistant surgeon..... 1
1 general examiner.
Tulsa, Okla.
Passed assistant surgeon (R).... 1
1 medical officer in charge.

Number of attending specialists on duty:
Salary basis..... 34
Fee basis..... 24
Total..... 58

Alphabetical list of all officers detailed to the United States Veterans' Bureau for duty as of Nov. 9, 1921.

Name and station.	Rank.	Basic salary, including increase under act of May 18, 1920.	Longevity pay.	Commutation of quarters, light, and heat.	Total.
Aiken, Wm. H., headquarters, district No. 6.	Passed assistant surgeon.	$3,120.00	.....	$808.53	$3,928.53
Aitken, Chas. S., headquarters, district No. 3.	.....do.....	3,120.00	.....	808.53	3,928.53
Allen, John F., Omaha, Nebr., district No. 9.	.....do.....	3,120.00	.....	808.53	3,928.53
Allen, Kenneth D. A., headquarters, district No. 11.	.....do.....	3,120.00	.....	808.53	3,928.53
Andrews, Chas. R., headquarters, district No. 5.	.....do.....	3,120.00	.....	808.53	3,928.53
Arkin, Harry S., headquarters, district No. 8.	.....do.....	3,120.00	.....	808.53	3,928.53
Arnold, David E., Fresno, Calif., No. 12.	.....do.....	3,120.00	.....	808.23	3,928.53
Arntzen, Julius L., central office.....	Surgeon.....	3,840.00	.....	985.94	4,825.94
Bailey, Charles B., headquarters, district No. 8.	Passed assistant	3,120.00	.....	808.53	3,928.53
Baird, Thompson M., headquarters, district No. 2.	.....do.....	3,120.00	.....	808.53	3,928.53
Baker, Morton W., central office.....	Surgeon.....	3,840.00	.....	985.94	4,825.94
Banks, Harry E., headquarters No. 10.	Assistant surgeon.	2,600.00	.....	626.41	3,226.41
Barker, Hiram O., Shreveport, La., No. 6.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Bay, Hiram H., headquarters, district No. 8.	.....do.....	3,120.00	.....	808.53	3,928.53

Alphabetical list of all officers detailed to the United States Veterans' Bureau for duty as of Nov. 9, 1921—Continued.

Name and station.	Rank.	Basic salary, including increase under act of May 18, 1920.	Longevity pay.	Commutation of quarters, light, and heat.	Total.
Bayer, Chas. F., Indianapolis, Ind., No. 7.	Passed assistant surgeon.	$3,120.00	.....	$808.53	$3,928.53
Bean, Victor H., central office	....do	3,120.00	.....	808.53	3,928.53
Beard, Chas. V., headquarters, district No. 2.	Passed assistant dental surgeon.	3,120.00	.....	808.53	3,928.53
Bedessem, Philip M., headquarters, district No. 8.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Benoist, Edw. E., Tulsa, Okla., No. 14.	....do	3,120.00	.....	808.53	3,928.53
Bentley, Wm. S., central office	Surgeon	3,840.00	.....	985.94	4,825.94
Beverly, Squire S., headquarters, district No. 5.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Bibber, Harold T., central office	....do	3,120.00	.....	808.53	3,928.53
Black, Benj. W., Salt Lake City, Utah, No. 11.	....do	3,120.00	.....	808.53	3,928.53
Blackburn, John D., headquarters, district No. 5.	Assistant surgeon.	2,600.00	.....	626.41	3,226.41
Blacklock, Robt. O., central office	Surgeon	3,840.00	.....	985.94	4,825.94
Board, Milton, Louisville, Ky., district No. 7.	....do	3,840.00	.....	985.94	4,825.94
Bott, Wm. J., headquarters, district No. 8.	....do	3,840.00	.....	985.94	4,825.94
Boynton, V. R., headquarters, district No. 11.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Braud, Sidney F., headquarters, district No. 6.	....do	3,120.00	.....	808.53	3,928.53
Brewer, F. B., headquarters, No. 14	....do	3,120.00	.....	808.53	3,928.53
Brodie, Wm. W., central office	Surgeon	3,840.00	.....	985.94	4,825.94
Brown, Henry D., headquarters, No. 13.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Brown, W. O., central office	Surgeon	3,840.00	.....	985.94	4,825.94
Buck, Samuel C., headquarters, No. 12.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Burkes, Dewitt C., Fort Stellacoom, Wash., No. 13.	....do	3,120.00	.....	808.53	3,928.53
Burnette, John E., headquarters, district No. 1.	....do	3,120.00	.....	808.53	3,928.53
Burnham, Edmund A., headquarters, district No. 1.	Surgeon	3,840.00	.....	985.94	4,825.94
Burns, Herbert A., headquarters, district No. 10.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Burnside, L. A., central office	....do	3,120.00	.....	808.53	3,928.53
Burrell, Harry C., headquarters, No. 1.	....do	3,120.00	.....	808.53	3,928.53
Burrus, Thos. P., headquarters, No. 2.	Assistant surgeon.	2,600.00	.....	626.41	3,226.41
Bush, Earl B., Ames, Iowa, district No. 9.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Bush, Earl R., headquarters, district No. 7.	....do	3,120.00	.....	808.53	3,928.53
Byles, Wm. J., central office	....do	3,120.00	.....	808.53	3,928.53
Capelle, Chas. S., headquarters, district No. 1.	Surgeon	3,840.00	.....	985.94	4,825.94
Carhart, Wm. G., central office	....do	3,840.00	.....	985.94	4,825.94
Carling, John, Los Angeles, Calif., No. 12.	....do	3,840.00	.....	985.94	4,825.94
Carter, Paul I., headquarters, district No. 13.	....do	3,840.00	$600.00	985.94	5,425.94
Casey, Timothy J., headquarters, district No. 12.	Assistant surgeon.	2,600.00	.....	626.41	3,226.41
Chaney, Herbert M., headquarters, district No. 13.	Surgeon	3,840.00	.....	985.94	4,825.94
Char esworth, I. E., headquarters, district No. 12.	....do	3,840.00	.....	985.94	4,825.94
Clark, Wm. E., central office	....do	3,840.00	300.00	985.94	5,125.94
Collins, Chas. D., central office	....do	3,840.00	.....	985.94	4,825.94
Colyer, Geo. C., headquarters, district No. 1.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Compton, Marion L., headquarters, district No. 14.	Assistant surgeon	2,600.00	.....	626.41	3,226.41
Cook, Herman W., headquarters, district No. 3.	Assistant dental surgeon.	2,600.00	.....	626.41	3,226.41
Cook, Robert C., headquarters, district No. 11.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53

Alphabetical list of all officers detailed to the United States Veterans' Bureau for duty as of Nov. 9, 1921—Continued.

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Cooper, Edwin H., headquarters, district No. 13.	Passed assistant surgeon.	$3,120.00	.....	$808.53	$3,928.53
Cornell, Jno. C., headquarters, district No. 11.	Surgeon.....	3,840.00	.....	985.94	4,825.94
Crede, Wm. H., Nauvoo, Ill., district No. 8.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Cristy, Geo. L., central office.....	Assistant surgeon.	2,600.00	.....	626.41	3,226.41
Critchlow, Maurice M., Salt Lake City, Utah, No. 11.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Crofton, Geo. H., headquarters, district No. 4.	.....do.....	3,120.00	.....	808.53	3,928.53
Curtis, Harold A., headquarters, district No. 12.	Passed assistant dental surgeon.	3,120.00	.....	808.53	3,928.53
Curtiss, Wm. W., headquarters, district No. 13.	Dental surgeon....	3,840.00	.....	985.94	4,825.94
Cusner, Louis M., headquarters, district No. 7.	Surgeon.....	3,840.00	.....	985.94	4,825.94
Davis, Arthur T., headquarters, district No. 2.	.....do.....	3,840.00	.....	985.94	4,825.94
Davis, Richard T., Charleston, W. Va., No. 4.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Degan, Jas. T., headquarters, district No. 8.	Assistant surgeon.	2,600.00	.....	626.41	3,226.41
Delaney, Henry A., headquarters, district No. 2.	Passed assistant dental surgeon.	3,120.00	.....	808.53	3,928.53
Dick, Paul G., headquarters, district No. 8.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Dickerson, Dorrell G., headquarters, district No. 6.	.....do.....	3,120.00	.....	808.53	3,928.53
Dodge, Horace C., Pueblo, Colo., district No. 11.	.....do.....	3,120.00	.....	808.53	3,928.53
Doering, Edmund, headquarters, district No. 8.	Senior surgeon....	4,100.00	.....	1,162.61	5,262.61
Doherty, Wm. T., El Paso, Tex., No. 14.	Surgeon.....	3,840.00	.....	985.94	4,825.94
Duffy, Frank T., headquarters, district No. 8.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Duncan, Miles J., headquarters, district No. 14.	Surgeon.....	3,840.00	.....	985.94	4,825.94
Duvall, Cornelius H., headquarters, district No. 7.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Eisenberg, Albert, Baltimore, Md., No. 4.	Assistant surgeon.	2,600.00	.....	626.41	3,226.41
Eleder, F. C., Baltimore, Md., No. 4..	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Ernst, John R., central office.....	.....do.....	3,120.00	.....	808.53	3,928.53
Essenson, Oscar S., Los Angeles, Calif., No. 12.	.....do.....	3,120.00	.....	808.53	3,928.53
Evans, Horace M., central office.....	Senior surgeon....	4,100.00	.....	1,162.61	5,262.61
Falk, Jacob, headquarters, district No. 7.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Fielding, Geo. A., Los Angeles, Calif., No. 12.	Surgeon.....	3,840.00	.....	985.94	4,825.94
Filmer, B. A., headquarters, district	.....do.....	3,840.00	.....	985.94	4,825.94
Flanagan, David J., headquarters, No. 1.	Assistant surgeon.	2,600.00	.....	626.41	3,226.41
Foster, Robt. C., central office.....	Surgeon.....	3,840.00	.....	985.94	4,825.94
Fowler, Milburn M., headquarters, district No. 4.	Passed assistant dental surgeon.	3,120.00	.....	808.53	3,928.53
Funsch, Edwin C., headquarters, district No. 9.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Gabbert, Roy D., headquarters district No. 7.	Passed assistant dental surgeon.	3,120.00	.....	808.53	3,928.53
Garton, Alfred C., Norfolk, Va.....	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Genella, Louis J., headquarters district No. 6.	.....do.....	3,120.00	.....	808.53	3,928.53
Gibson, W. C., headquarters district No. 6.	Surgeon.....	3,840.00	.....	985.94	4,825.94
Gold, Joseph B., Pittsburgh, Pa., No. 3.	Passed assistant surgeon.	3,120.00	.....	808.53	3,92[illegible]
Gossett, Walker B., headquarters district No. 14.	Surgeon.....	3,840.00	.....	985.94	4,82[illegible]
Granberry, Roy, central office.....	Passed assistant surgeon.	3,120.00	.....	808.53	3,92[illegible]

Alphabetical list of all officers detailed to the United States Veterans' Bureau for duty as of Nov. 9, 1921—Continued.

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Greene, Jno. V., headquarters district No. 13.	Surgeon	$3,840.00		$985.94	$4,825.94
Greene, Robt. E., central office	Assistant dental surgeon.	2,600.00		626.41	3,226.41
Grim, Jesse, Los Angeles, Calif., No. 12.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Gunter, R. A., headquarters district No. 5.	do	3,120.00		808.53	3,928.53
Guthrie, Marshall C., central office	Senior surgeon	4,100.00	$1,000.00	1,162.61	6,262.61
Haliday, Chas., central office	Surgeon	3,840.00		985.94	4,825.94
Hardin, Wm. R., headquarters district No. 5.	Dental surgeon	3,840.00		985.94	4,825.94
Hardman, Samuel A., Baltimore, Md., No. 4.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Harrison, Frank, central office	Surgeon	3,840.00		985.94	4,825.94
Hartnack, Knud, central office	do	3,840.00		985.94	4,825.94
Hatch, Ernest D., headquarters district No. 1.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Hatcher, Wm. H., headquarters district No. 7.	Passed assistant dental surgeon.	3,120.00		808.53	3,928.53
Hauck, Wm. H., headquarters district No. 5.	Assistant surgeon	2,600.00		626.41	3,226.41
Hays, Everett L., headquarters district No. 7.	do	2,600.00		626.41	3,226.41
Heffner, Wm. J., headquarters district No. 4.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Hennerich, Walter E., headquarters district No. 9.	do	3,120.00		808.53	3,928.53
Henthorn, A. C., Grand Rapids, Mich, No. 8.	do	3,120.00		808.53	3,928.53
Herndon, O. E., headquarters, district No. 5.	do	3,120.00		808.53	3,928.53
Heyn, Daniel S., headquarters, district No. 7.	do	3,120.00		808.53	3,928.53
Hiatt, Gerald A., headquarters, district No. 7.	Assistant dental surgeon.	2,600.00		626.41	3,226.41
Hickey, Harold L., headquarters, district No. 11.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
High, Daniel L., Helena, Mont., No. 10.	Surgeon	3,840.00		985.94	4,825.94
Hirschmann, Isidore I., headquarters, district No. 4.	do	3,840.00		985.94	4,825.94
Holm, Geo. A., headquarters, district No. 10.	Assistant surgeon	2,600.00		626.41	3,226.41
Howard, Chas. J., headquarters, district No. 11.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Howe, Theo. G., headquarters, district No. 12.	do	3,120.00		808.53	3,928.53
Howell, Dent H., headquarters, district No. 8.	do	3,120.00		808.53	3,928.53
Hoyt, Daniel M., headquarters, district No. 3.	Surgeon	3,840.00		985.94	4,825.94
Hurst, Julius H., central office	do	3,840.00		985.94	4,825.94
Irwin, Ralph W. E., headquarters, district No. 7.	do	3,840.00		985.94	4,825.94
Jacobs, Sydney H., central office	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Jacobson, Clarence R., headquarters, No. 11.	Passed assistant dental surgeon.	3,120.00		808.53	3,928.53
Jeffries, Jas. H., Louisville, Ky., No. 7.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Joiner, Wm. E., headquarters, No. 13	do	3,120.00		808.53	3,928.53
Jolley, Wm. A., headquarters, No. 3.	Surgeon	3,840.00		985.94	4,825.94
Jorgenson, Hans C., central office	do	3,840.00	600.00	985.94	5,425.94
Kennedy, Jos. T., headquarters, district No. 7.	do	3,840.00		985.94	4,825.94
Kesterson, Wm. J., central office	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Kirkland, Spencer A., headquarters, district No. 5.	do	3,120.00		808.53	3,928.53
Knowlton, Millard, central office	do	3,120.00		808.53	3,928.53
Kenna, W. M., headquarters, district No. 4.	do	3,120.00		808.53	3,928.53
LaRoe, Arthur, headquarters, district No. 2.	Passed assistant surgeon.	3,120.00		808.53	3,928.53

Alphabetical list of all officers detailed to the United States Veterans' Bureau for duty as of Nov. 9, 1921—Continued.

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Latham, Ernest R., headquarters, district No. 1.	Passed assistant dental surgeon.	$3,120.00	.....	$808.53	$3,928.53
Lazenby, Earl K., central office.....	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Leader, Richard T., headquarters, district No. 1.	Surgeon.....	3,840.00	.....	985.94	4,825.94
Leahy, Wm. R., headquarters, district No. 12.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Leavitt, Frank C., headquarters, district No. 1.	.....do.....	3,120.00	.....	808.53	3,928.53
Lee, Elbert J., headquarters, district No. 2.	.....do.....	3,120.00	.....	808.53	3,928.53
Leonard, Edw. A., headquarters, district No. 3.	Surgeon.....	3,840.00	.....	985.94	4,825.94
Leven, A. S., central office.....	Assistant surgeon.	2,600.00	.....	626.41	3,226.41
Levy, Emanuel, headquarters, district No. 11.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Lightner, Homer G., headquarters, district No. 5.	Surgeon.....	3,840.00	.....	985.94	4,825.94
Lincoln, Geo. W., central office.....	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Lindsay, Warren L., Salt Lake City, Utah, No. 11.	.....do.....	3,120.00	.....	808.53	3,928.53
Lister, C. S., headquarters, district No. 10.	Surgeon.....	3,840.00	.....	985.94	4,825.94
Little, Edw. O., headquarters, district No. 7.	.....do.....	3,840.00	.....	985.94	4,825.94
Little, Zack J., headquarters, district No. 5.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
London, Louis S., headquarters, district No. 4.	.....do.....	3,120.00	.....	808.53	3,928.53
Long, Frank L., headquarters, district No. 12.	.....do.....	3,120.00	.....	808.53	3,928.53
Long, John D., central office.....	Assistant Surgeon General.	4,600.00	$1,000.00	1,337.41	6,937.41
Low, Jos. T., headquarters, district No. 1.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Luce, Robt. R., headquarters, district No. 1.	Dental surgeon....	3,840.00	.....	985.94	4,825.94
McAnich, Fred L., headquarters, district No. 7.	Surgeon.....	3,840.00	.....	985.94	4,825.94
McDonald, Chas. D., headquarters, district No. 1.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
McLaughey, Carl W., headquarters, district No. 7.	Surgeon.....	3,840.00	.....	985.94	4,825.94
McGee, Jas. P., headquarters, district No. 14.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
McGinnis, Patrick, headquarters, district No. 9.	.....do.....	3,120.00	.....	808.53	3,928.53
McPherson, Edw. K., headquarters, district No. 3.	Passed assistant dental surgeon.	3,120.00	.....	808.53	3,928.53
MacDonald, John T., El Centro, Calif., No. 12.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
MacDonald, Neil S., headquarters, district No. 10.	Surgeon.....	3,840.00	.....	985.94	4,825.94
MacDonald, Wm. C., headquarters, district No. 6.	.....do.....	3,840.00	.....	985.94	4,825.94
MacNeil, B. C., central office.....	.....do.....	3,840.00	.....	985.94	4,825.94
Mandracchia, J. L., headquarters, district No. 2.	Assistant surgeon.	2,600.00	.....	626.41	3,226.41
Margolis, David J., headquarters, district No. 8.	.....do.....	2,600.00	.....	626.41	3,226.41
Marshack, Jos., central office.....	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Martin, Walter D., headquarters, district No. 7.	Surgeon.....	3,840.00	.....	985.94	4,825.94
Mathewson, Ezra H., headquarters, district No. 14.	.....do.....	3,840.00	.....	985.94	4,825.94
Mattice, Eugene, headquarters, district No. 11.	Passed assistant	3,120.00	.....	808.53	3,982.53
Merriam, Clarence S., headquarters, district No. 5.	.....do.....	3,120.00	.....	808.53	3,928.53
Mestre, Ricardo, headquarters, district No. 1.	Assistant surgeon.	2,600.00	.....	626.41	3,226.41
Michael, Jos. C., headquarters, district No. 10.	Surgeon.....	3,840.00	.....	985.94	4,825.94

Alphabetical list of all officers detailed to the United States Veterans' Bureau for duty as of Nov. 9, 1921—Continued.

Name and station.	Rank.	Basic salary, including increase under act of May 18, 1920.	Longevity pay.	Commutation of quarters, light, and heat.	Total.
Miller, Irving U., headquarters, district No. 8.	Dental surgeon	$3,840.00		$985.94	$4,825.94
Moore, John L., Richmond, Va., No. 4.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Moore, Roy D., headquarters, district No. 11.	do	3,120.00		808.53	3,928.5
Moran, Andrew C., headquarters, district No. 1.	Assistant surgeon.	2,600.00		626.41	3,226.41
Moreman, Lon B., Louisville, Ky., No. 7.	Surgeon	3,840.00		985.94	4,825.94
Morris, Theo. O., headquarters, district No. 11.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Morse, Wm. H., Spokane, Wash., No. 13.	do	3,120.00		808.53	3,928.53
Mosby, Geo. L., headquarters, district No. 8.	Assistant surgeon.	2,600.00		626.41	3,226.41
Moth, Michael V., Oklahoma City, Okla., No. 14.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Meyers, Chas. W., Indianapolis, Ind., No. 7.	do	3,120.00		808.53	3,928.53
Nairn, B. R., central office	Surgeon	3,840.00		985.94	4,825.94
Newhauser, Mayer A., headquarters, district No. 6.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Nicklas, John M., Baltimore, Md., No. 4.	Assistant surgeon.	2,600.00		626.41	3,226.41
Norton, Archibald A., headquarters, No. 12.	do	2,600.00		626.41	3,226.41
Osterhaus, Karl, central office	Surgeon	3,840.00		985.94	4,825.94
Ostheimer, Alfred J., headquarters, district No. 3.	do	3,840.00		985.94	4,825.94
Parlington, Cyrus B., headquarters, district No. 11.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Patterson, Clayton A., headquarters, district No. 12.	Dental surgeon	3,840.00		985.94	4,825.94
Pember, Clyde H., central office	Surgeon	3,840.00		985.94	4,825.94
Penhallow, Dunlap P., headquarters, district No. 2.	do	3,840.00		985.94	4,825.94
Prince, L. H., central office	do	3,840.00		985.94	4,825.94
Rappoport, David N., headquarters, district No. 3.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Rawls, Percy S., central office	Surgeon	3,840.00		985.94	4,825.94
Redman, Fred E., headquarters, district No. 8.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Reed, Jas. E., jr., San Diego, Calif., No. 12.	do	3,120.00		808.53	3,928.53
Reilly, Wm., headquarters, district No. 12.	Assistant surgeon.	2,600.00		626.41	3,226.41
Rene, Jos. A., central office	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Rice, Benj. A., central office	do	3,120.00		808.53	3,928.53
Rider, Ernest B., central office	do	3,120.00		808.53	3,928.53
Roach, Richard A., headquarters, district No. 8.	do	3,120.00		808.53	3,928.53
Robb, Elmer R., headquarters, district No. 2.	Assistant dental surgeon.	2,600.00		626.41	3,226.41
Rousenfell, Clifford G., headquarters, No. 1.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Sanborn, Fletcher G., Los Angeles, Calif., No. 12.	do	3,120.00		808.53	3,928.53
Sappington, Clarence O., headquarters, No. 12.	Assistant surgeon.	2,600.00		626.41	3,226.41
Schnuck, Harry, headquarters, district No. 4.	do	2,600.00		626.41	3,226.41
Sharp, Harry C., central office	Surgeon	3,840.00		985.94	4,825.94
Shaw, Geo. H., headquarters, district No. 2.	do	3,840.00		985.94	4,825.94
Sherer, Moses E., central office	do	3,840.00		985.94	4,825.94
Sherlock, Wm. P., central office	do	3,840.00		985.94	4,825.94
Shirkey, Ivy G., central office	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Shirley, Amos R., headquarters, district No. 3.	do	3,120.00		808.53	3,928.53
Silver, Frank R., headquarters, district No. 2.	do	3,120.00		808.53	3,928.53
Simmons, Maynard J., central office	do	3,120.00		808.53	3,928.53

Alphabetical list of all officers detailed to the United States Veterans' Bureau for duty as of Nov. 9, 1921—Continued.

Name and station.	Rank.	Basic salary, including increase under act of May 18, 1920.	Longevity pay.	Commutation of quarters, light, and heat.	Total.
Simons, Willis N., central office	Passed assistant surgeon.	$3,120.00		$808.53	$3,928.53
Sims, Frederick R., headquarters district No. 1.	Surgeon	3,840.00		985.94	4,825.94
Skinner, Geo. C., headquarters, district No. 9.	do	3,840.00		985.94	4,825.94
Smith, Henry A., Baltimore, Md., No. 4.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Smith, L. C., central office	do	3,120.00		808.53	3,928.53
Snyder, Harvey W., headquarters, district No. 11.	do	3,120.00		808.53	3,928.53
Soper, Richard W., central office	Surgeon	3,840.00	$300.00	985.94	5,125.94
South, Frank L., headquarters, district No. 8.	Assistant surgeon	2,600.00		626.41	3,226.41
Souther, Robert F., central office	Surgeon	3,840.00		985.94	4,825.94
Sparks, Jos. E., Houston, Tex., No. 14	do	3,840.00		985.94	4,825.94
Speir, Ross C., Birmingham, Ala., No. 6.	do	3,840.00		985.94	4,825.94
Sprague, Chas. H., Pocatello, Idaho. No. 13.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Sprague, Fred A., central office	Surgeon	3,840.00		985.94	4,825.94
St. Antoine, Henry E., headquarters, district No. 4.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
St. Clair, Raymond, Reno, Nev., No. 12.	do	3,120.00		808.53	3,928.53
Stalter, Geo. R., headquarters, district No. 4.	do	3,120.00		808.53	3,928.53
Stavton, Chester A., headquarters, district No. 7.	Surgeon	3,840.00		985.94	4,825.94
Steele, Fred E., jr., headquarters, district No. 1.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Stephenson, B. S., central office	Surgeon	3,840.00		985.94	4,825.94
Stephenson, Wm. O., headquarters, district No. 14.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Sweek, W. O., Phoeniz Ariz., district No. 12.	do	3,120.00		808.53	3,928.53
Thomas, Clyde S., headquarters, district No. 7.	Assistant surgeon.	2,600.00		626.41	3,226.41
Thomas, Irl, headquarters, district No. 7.	do	2,600.00		626.41	3,226.41
Thomas, Ray H., Evansville, Ind., No. 7.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Tinney, Chas. M., headquarters, district No. 13.	Surgeon	3,840.00	300.00	985.94	5,125.94
Tooley, Geo. E., headquarters, district, No. 14.	do	3,840.00		985.94	4,825.94
Toomey, Jos. H., headquarters, district No. 2.	Passed assistant surgeon.	3,120.00		800.53	3,928.53
Trepagnier, Dalton H., headquarters, No. 6.	do	3,120.00		808.53	3,928.53
Triplett, Wm. H., Baltimore, Md., No. 4.	do	3,120.00		808.53	3,928.53
Turner, Jno. W., central office	Surgeon	3,840.00		985.94	4,825.94
Van Patten, Clyde L., central office	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Vickrey, A. C., headquarters, district No. 9.	Surgeon	3,840.00		985.94	4,825.94
Vogt, Alfred H., Albuquerque, N. Mex., No. 11.	Passed assistant surgeon.	3,120 00		808.53	3,928.53
Wagner, Isaac R., headquarters, district No. 1.	Surgeon	3,840.00		985.94	4,825.94
Walden, Walter, headquarters, district No. 8.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Walker, Allen H., Louisville, Ky., No. 7.	do	3,120.00		808.53	3,928.53
Walker, Le vis A., central office	Surgeon	3,840.00		985.94	4,825.94
Ward, Melgie, headquarters, district No. 5.	Passed assistant surgeon.	3,120.00		808.53	3,928.53
Warner, R. A., Baltimore, Md. No. 4.	do	[illegible]		808.53	3,928.53
Waters, Chester T., headquarters district No. 14.	Passed assistant surgeon.	[illegible]		808.53	3,928.53
Watterson, Walter H., headquarters district No. 8.	Surgeon	[illegible]		[illegible]	4,825.94
Watts, Herbert C., headquarters district No. 12.	do	[illegible]		[illegible]	825.94
Wayman, Cecil L., central office	do	[illegible]		[illegible]	[illegible]94

Alphabetical list of all officers detailed to the United States Veterans' Bureau for duty as of Nov. 9, 1921—Continued.

Name and station.	Rank.	Basic salary, including increase under act of May 18, 1920.	Longevity pay.	Commutation of quarters, light, and heat.	Total.
Webb, John B., Waco, Tex., No. 14..	Passed assistant surgeon.	$3,120.00	.....	$808.53	$3,928.53
Webb, Louis H., headquarters district No. 6.	Surgeon.....	3,840.00	.....	985.94	4,825.94
Weber, Anthony T., headquarters district No. 8.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Wells, Robert F., headquarters district No. 5.	Passed assistant dental surgeon.	3,120.00	.....	808.53	3,928.53
Wemple, Emmet L., Los Angeles, Calif., No. 12.	Surgeon.....	3,840.00	.....	985.94	4,825.94
Wescott, O. D., headquarters district No. 11.	.....do.....	3,840.00	.....	985.94	4,825.94
West, Carroll M., headquarters district No. 5.	Assistant surgeon.	2,600.00	.....	626.41	3,226.41
Wheeler, Clifton F., headquarters district No. 4.	Assistant dental surgeon.	2,600.00	.....	626.41	3,226.41
Whitcomb, Glenn D., Omaha, Nebr., No. 9.	Assistant surgeon.	2,600.00	.....	626.41	3,226.41
White, Eben W., headquarters district No. 13.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Wilcox, Starling S., Columbus, Ohio, No. 7.	Surgeon.....	3,840.00	.....	985.94	4,825.94
Wilfong, C. T., Richmond, Va., No. 4	Assistant surgeon.	2,600.00	.....	626.41	3,226.41
Wilfrey, Ota S., headquarters district No. 9.	Passes assistant surgeon.	3,120.00	.....	808.53	3,928.53
Williams, Frank L., Des Moines, Iowa, No. 9.	Surgeon.....	3,840.00	.....	985.94	4,825.94
Williams, Henry L., headquarters district No. 10.	.....do.....	3,840.00	.....	985.94	4,825.94
Williams, Sidney C., central office...	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Wilson, Wm., headquarters district No. 1.	.....do.....	3,120.00	.....	808.53	3,928.53
Witte, Wm. C., headquarters district No. 8.	Surgeon.....	3,840.00	$300.00	985.94	5,125.94
Woldenberg, Saul, headquarters district No. 8.	Assistant surgeon.	2,600.00	.....	626.41	3,226.41
Woodcock, Jno. H., central office....	Surgeon.....	3,840.00	.....	985.94	4,825.94
Wright, Harold W., headquarters district No. 12.	Passed assistant surgeon.	3,120.00	.....	808.53	3,928.53
Yohe, Perce P., Los Angeles, Calif., No. 12.	Passed assistant dental surgeon.	3,120.00	.....	808.53	3,928.53
Young, J. E., central office.....	Surgeon.....	3,840.00	.....	985.94	4,825.94

The CHAIRMAN. They get their ordinary military pay?

Col. PATTERSON. They get the pay of their grades. The grade of those in charge medically in districts should be at least that of surgeon, but some of them are as low as passed assistant surgeon or assistant surgeon.

The CHAIRMAN. What is the rank of a surgeon?

Col. PATTERSON. The rank of a surgeon is that of major in the Army, and a passed assistant surgeon would hold the rank of captain in the Army. An assistant surgeon would have the pay of a lieutenant in the Army. A Public Health Service officer ordinarily gets a major's rank and pay for acting as district medical officer. Then there are others who are specialists.

Mr. KELLEY. He gets all the allowances of an Army officer?

Col. PATTERSON. He gets the allowances of his grade in the Public Health Service, which is the same as in the Army and Navy. They are all on the same basis.

The CHAIRMAN. You have how many of them?

Col. PATTERSON. We have detailed to the bureau about 287.

Col. FORBES. May I suggest something in connection with the hospital per diem costs? There is an item of $2,000,000 for the opening of new hospitals, and I have asked for an interpretation of that; whether that should not be charged up to the per diem costs per bed per patient. Here it is an item of $2,000,000 for the opening of new hospitals, and it is a question with me whether that is not rightfully a charge against the per diem cost.

Mr. KELLEY. What does that mean?

Col. FORBES. That means getting the hospital ready for the reception of patients.

Col. PATTERSON. For instance, if we are to have tuberculosis hospitals, the hospitals have to be prepared for the reception and treatment of tuberculosis patients.

Col. FORBES. It is not necessarily all for the equipment of the buildings, but there is a lot of service there in addition to the equipment.

The CHAIRMAN. That would scarcely be a service charge, and they will get through opening them after awhile.

Col. FORBES. I hope they will get through, but I believe that should be prorated to the charge per bed.

The CHAIRMAN. Of course, it is ultimately charged that way anyhow.

Mr. BYRNS. It would hardly be fair to say that this cost per bed bears any relation to what it is costing in other hospitals that have already been opened.

Col. FORBES. Yes, sir; but this is not all a charge for equipment, There is a good part of this that is a service charge.

Mr. KELLEY. What do you mean by that? I am not so familiar with these hospital terms as some of the others.

Col. FORBES. There is a personnel maintenance charge for hospitals, frequently for a considerable length of time before the hospital is actually opened, and the question is: Should that personnel be charged up as an equipment charge, or charged to the cost per diem for the operation? It is a part of the overhead charge, and I think it should be included in the per diem cost.

The CHAIRMAN. Have you given us all the items in connection with the $43,000,000?

TRANSPORTATION OF BENEFICIARIES.

Mr. ROUTSONG. No, sir; there are direct disbursements that the Veterans' Bureau makes which include transportation of beneficiaries, $1,500,000——

The CHAIRMAN (interposing). How do you reach that amount?

Mr. ROUTSONG. The amount disbursed for that purpose last year was $1,648,208.58, and logically it should be increased, but we expect to decrease that, or hope to decrease it by decreasing the travel of beneficiaries, because of the decentralization, which gives us a closer supervision over beneficiaries. While we have more patients, we hope to have much less travel per man than we had last year.

The CHAIRMAN. What has been the policy about transferring men from one place to another whenever they wished to be transferred?

Mr. ROUTSONG. That is discouraged.

The CHAIRMAN. What has been the policy?

Mr. ROUTSONG. Not to transfer. Where a man has tuberculosis, and it is thought best in the man's interest and in the interest of the service to send him to a more equable climate, that is done.

Col. PATTERSON. That has been the procedure in general.

The CHAIRMAN. That is the policy to be pursued in the future?

Col. PATTERSON. Ever since we have come in there that has been the policy.

The CHAIRMAN. What was the policy prior to that?

Col. PATTERSON. I do not know, but I understand that the travel was a little more liberal.

TRAVELING EXPENSES OF BENEFICIARIES.

The CHAIRMAN. What is the next item?

Mr. ROUTSONG. Travel expense for beneficiaries, $500,000.

Mr. KELLEY. Is this the actual traveling expense or an allowance?

Col. PATTERSON. It is for expenses incident to travel.

Mr. KELLEY. For actual travel?

Col. PATTERSON. This refers to subsistence, etc.

Mr. ROUTSONG. Travel expense for beneficiaries, $500,000. We have scaled that down from an expenditure of $527,790.76 for last year. We estimate for this year $500,000.

The CHAIRMAN. How do you reach that?

Mr. ROUTSONG. We simply arbitrarily reduced it, because we will discourage travel and we expect that it will be less per man. If these men had their own way, and I suppose if we were in their shoes we would be migratory too, they would travel a great deal. It is a delicate problem to control, but we will try through a closer supervision and because of better hospital facilities to encourage the men to stay places. This figure was arbitrarily reduced. If we took it on the basis of the number of patients last year and the number of patients this year, it would be more, but, as I have said, we have arbitrarily cut it about 15 or 20 per cent.

PHYSICAL EXAMINATION FEES.

The CHAIRMAN. What is the next item?

Mr. ROUTSONG. Physical examination fees, $700,000.

The CHAIRMAN. What does that mean?

Col. PATTERSON. Those are the fees of the local examiners paid to them for making the necessary examinations.

The CHAIRMAN. I thought they were on your pay roll.

Col. PATTERSON. No, sir; not the local examiners. They are on a fee basis.

The CHAIRMAN. How much do you allow for each examination?

Col. PATTERSON. The standard rate so far has been $5, unless it was a special examination. Of course, the specialists get a great deal more, and they are paid according to the customary practice in the locality.

The CHAIRMAN. The allowance that is made for the examination of veterans of the Civil War is only $2; is it not?

Col. PATTERSON. I do not know.

Mr. GALLIVAN. It is $3 now.

The CHAIRMAN. Why is it necessary to pay $5 for the examination of these men, when the Civil War and Spanish American War Veterans are examined for $3.

Col. PATTERSON. I do not think you could get good examinations for less.

Mr. KELLEY. What does the pension examiner get?

Col. PATTERSON. I do not know.

Mr. GALLIVAN. The pension doctor receives $3. It was only $2 until two years ago.

Mr. ANTHONY. Do you use the local pension board in making your examinations?

Col. PATTERSON. We have no authority to do that.

The CHAIRMAN. The doctors making these examinations for this compensation are also the doctors who make the examinations of Civil War and Spanish-American War veterans, and the difference in the compensation is probably due to the fact that in the case of the Civil War and Spanish-American War veterans the fees are fixed by law, while in these other cases the fees are fixed by regulation. I think we should fix these fees by law if you are to squander money in that way.

Col. PATTERSON. There is another way of looking at it. I do not believe you could get a competent examination made for less than $5.

The CHAIRMAN. But we do get them made for these other men.

Col. PATTERSON. I doubt the competency of the examinations.

The CHAIRMAN. Nobody has ever complained about them. You are the first man that I have heard complain about them.

Mr. GALLIVAN. It is fair to say that the pension examiners asked our committee to raise the fee from $2 to $4, and we compromised and made it $3.

Mr. SISSON. That was because everybody else was getting higher pay under this new régime.

The CHAIRMAN. The same doctors who make one examination are making the other examination, and they should not receive $3 for one examination and $5 for the other. You can not say that a doctor when he examines one is competent, and is incompetent when he examines another, if he is the same doctor.

Col. PATTERSON. This examination is a complete examination of the man to show all that is wrong with him, and I do not believe that a man who would do it for $2 is qualified to make that kind of examination.

The CHAIRMAN. They have always been glad to get the assignments, and we have never heard Civil War veterans or Spanish-American War veterans complaining about the adequacy of the examinations. It can not be said that those men are less worthy than the men who served in the late war.

Col. FORBES. They are examined for specific disabilities, while men under the Veterans' Bureau are being examined thoroughly to detect any other disease than what they claim to have. The A. G. O. report on a man shows that he is suffering from some disability, but these doctors nevertheless make a complete physical examination of the man. That could be better understood by reference to the report that the doctor makes, showing the trouble that he goes to in making

his report. Yet I think it is wrong to pay $5 for that service, because from some of the reports I have seen I do not believe that much service has been rendered by the man making the examination.

The CHAIRMAN. It is outrageous. If we are to spend this money anyhow, I am not in favor of giving it away to the doctors, but I am in favor of giving it to the men who are to be treated.

Col. PATTERSON. In that connection, it has often been found that those examinations are not really satisfactory for the purpose of making a rating, and sometimes you have to have very precise information to enable the medical officer who reviews the case to determine just exactly what disability the man has, and if those examination forms are not carefully filled out, we must scrap them and ask for other examinations. The director has recently determined that it will save money if we have these examinations made in the district offices and the local suboffices, dispensing as far as possible with the service of local examiners, who would not be used except in emergencies. When that is done, these fees will probably drop some.

Mr. BYRNS. Is this examination made for the purpose of determining the question of compensation or for admission to a hospital?

Col. PATTERSON. For both purposes. Suppose, for instance, a man comes in and says that he has tuberculosis and wants to be hospitalized. The first thing they do with that man, if they can not determine right off whether he has the disease, is to put him in the hospital and find out. Immediately he will make a claim against the bureau, and upon the basis of the physical examination made at the hospital he will be rated for compensation, and at the same time he will be in the hospital.

Mr. BYRNS. That is for the purpose of determining whether he is entitled to hospitalization, and you would not require as rigid an examination for that purpose in the first instance as you would in the case of an applicant for compensation?

Col. FORBES. He is often hospitalized before the complete examination is made.

Col. PATTERSON. And the determination of the diagnosis is made afterwards. Of course, if it is an obvious case they can determine it right off. However, the man is hospitalized at first if there appears to be any doubt as to his condition.

The CHAIRMAN. Do you mean that when any man who served in the Army comes along and makes application for examination they send him to a hospital and keep him there for a time or until he is examined?

Col. PATTERSON. No, sir; he is given an examination immediately, but if it is not possible to decide upon the claimant's condition, he is sent to the hospital. Some conditions are obscure. For instance, a man may say that he has epilepsy, but no doctor could say that he was an epileptic unless he could observe him while having one of those fits. For that purpose he would be admitted to the hospital and observed. Some other man might think he had tuberculosis, but the doctor upon an examination of him might not be able to determine it right away, and he would be put in a hospital to be placed under observation.

Mr. KELLEY. Where are the 287 doctors that you referred to on duty?

Col. PATTERSON. There are 61 of the Public Health Service in the bureau here, and the rest are in the districts. Our statement already given shows their distribution.

Mr. KELLEY. Under this new plan you propose to put into effect most of the examinations will be conducted by them?

Col. PATTERSON. A great many of them will be conducted in the district offices and suboffices.

Mr. KELLEY. And then the fees will drop off?

Col. PATTERSON. Yes, sir; the fees should drop off.

The CHAIRMAN. How would the fees compare with the salaries paid to those men?

Col. PATTERSON. I think it would save money to the bureau to have the men on the salary basis always.

The CHAIRMAN. You think that, but have you any facts for a basis?

Col. PATTERSON. Yes, sir; I have known doctors in the Army who have operated on enough cases in a day to pay in fees under civil life conditions five or six thousand dollars. There a man in one day will save his full salary to the Government.

Mr. SISSON. How about the question of accessibility to the men? If you have a limited number of doctors, you will have them traveling around to find the men, will you not?

Col. PATTERSON. We would still retain local examiners for the emergency cases. Otherwise it will be advantageous to have the men go to the nearest suboffice.

Mr. SISSON. And you would pay their expenses?

Col. PATTERSON. Yes, sir.

Mr. SISSON. Then I do not know that you will save much on the examination. At best, a diagnosis is usually only a good guess.

Col. PATTERSON. I am afraid I can not agree with you on that.

Mr. SISSON. Of course, if you have a man with an arm cut off, you know that his arm is off. That is true, because anybody can see it and can diagnose it as a case of lost arm. Here a few years ago, in the District of Columbia, I was examined by two of the most reputable doctors in the city, and they said I had tuberculosis. I knew that was not so. I knew I did not have tuberculosis. Admiral Braisted heard that I was not right well, and he sent me to the naval hospital, and I never had doctors to go through with me in as many different ways as they did down there. When they got through with me they laughed at the suggestion that I had tuberculosis, because I did not have the slightest tinge of it. Yet, as I have said, two of the most reputable doctors in Washington said that I was suffering from tuberculosis.

Col. FORBES. Your statement is borne out by the fact that in many of our examinations no two doctors will agree.

Mr. SISSON. Therefore, a diagnosis at best is nothing more than a good guess, at least, and after these boys pass your examination at the local offices, it is not worth very much, and after you get them into the hospitals they are given further examinations?

Col. PATTERSON. Yes, sir.

Mr. SISSON. That first examination is largely for the purpose of admitting them, and the doctors in my town and in my district, at

least most of the reputable doctors, make the examinations for the boys and they would make them as best they could for nothing if the boys really needed hospitalization. So I do not think you get very much better service through having a hospital doctor and by paying a fee of $2, $5, or $20.

MEDICAL AND SURGICAL FEES, SPECIAL.

The CHAIRMAN. Give us the rest of the figures.

Mr. ROUTSONG. Medical and surgical fees, special, $725,000.

The CHAIRMAN. What does that mean?

Mr. ROUTSONG. That includes specialists who are called in for special cases and special purposes.

The CHAIRMAN. These are the cases where you pay them over $5?

Col. PATTERSON. Yes, sir. These are the men who are called in to give the men the benefit of special skill and knowledge.

Col. FORBES. Should not that be charged to the cost per diem?

Col. PATTERSON. It would be when it was in a hospital. These are eye, ear, and throat specialists, and other specialists.

Mr. KELLEY. And they are expensive doctors?

Col. PATTERSON. Yes, sir; they are expensive people.

Mr. KELLEY. How many doctors of that kind are there?

Col. PATTERSON. I do not know exactly offhand, but I will have a statement prepared for inserting in the record.

Statement of attending specialists available to the United States Veterans' Bureau classified by districts, not including attending specialists at United States Public Health Service hospitals.

District.	Salary basis.	Fee basis.	Total.	District.	Salary basis.	Fee basis.	Total.
1	45	27	72	9	64	18	82
2	33	27	60	10	37	5	42
3	57	3	60	11	38	9	47
4	37	1	38	12	26	2	28
5	20	143	163	13	15	27	42
6	39	3	42	14	34	24	58
7	151	28	179				
8	87	5	92	Total	683	322	1,005

List of attending specialists on duty at Public Health Service hospitals, by station, paid out of appropriation "Medical and hospital services."

Hospital.	Name.	Specialty.	Salary.
Palo Alto, Calif., P. H. S. No. 24	Thomas, Jerome B	E. E. N. and T	$1,200
	Reynolds, H. B	Gen. surg	1,200
	Langnecker, H. L	Orth. surg	1,200
Houston, Tex., P. H. S. No. 25	None on duty		
Greenville, S. C., P. H. S. No. 26	do		
Alexandria, La., P. H. S. No. 27	Ewing, Fayette C	E. E. N. and T	2,400
Dansville, N. Y., P. H. S. No. 28	Closed		
Chicago, Ill., P. H. S. No. 30	Lespinasse, V. D	Urology	2,400
	Hammill, R. C	Neuro	2,400
	Percy, Nelson M	Surg	2,400
	Ridlon, John	Orth	2,400
	Ryerson, Edwin W	do	2,400
	Tice, Frederick	Gen. med	2,400
	Pennington, J. R	Proctologist	1,200
	Oliver, E. A	Skin	1,200
	Biesenthal, Max	Chest	1,200
	Beck, J. C	E. N. and T	600
	Novak, Frank	do	600

List of attending specialists on duty at Public Health Service hospitals, by station, paid out of appropriation "Medical and hospital services"—Continued.

Hospital.	Name.	Specialty.	Salary.
Corpus Christi, Tex., P. H. S. No. 31	Closed		
Washington, D. C., P. H. S. No. 32	Billard, Chas. L.	E. E. N. and T.	$1,800
	Carmichael, R. B.	Dermatology	840
	Erving, Wm. G.	Orth. surg	1,440
	Ellison, Everett M.	Int. med	(1)
	Hickling, D. P.	Alienist	2,700
	Lehr, Louis C.	G. U.	3,000
	Moore, Wm. C.	Int. diseases	1,560
	Vaughan, Geo. T.	Surg	1,440
	Webb, Walter D.	Facial max	2,700
Jacksonville, Fla., P. H. S. No. 33	Closed		
East Norfolk, Mass., P. H. S. No. 34	Thom, Douglas A.	N. P.	3,600
St. Louis, Mo., P. H. S. No. 35	Campbell, O. H.	Int. med	1,200
	Luedde, W. H.	Diseases of eye	1,200
	Lyman, H. W.	E. N. and T.	1,200
	Leighton, Wm. E.	Gen. surg	1,200
	Stone, Chas. A.	Orth. surg	1,200
	Mook, W. H.	Dermatology	600
	Unterberg, H.	N. P.	1,200
	Loeb, Virgil	Stomatology	600
	Ernst, Edwin C.	Roent	360
	Harris, D. L.	Clin. path	600
	Young, H. M.	G. U.	1,200
	Joseph, Geo. E.		1,200
Boston, Mass., P. H. S. No. 36	Arnold, Horace	Med	1,200
	Cotton, Fred. J.	Surg	1,200
	O'Brien, F. W.	Roent	1,800
	Porter, C. T.	E. N. and T.	1,200
	Rogers, Mark H.	Orth. surg	1,200
	Kasangian, V. H.	Plastic surg	1,200
	Wafker, T. Chandler	Int. med	1,200
Waukesha, Wis., P. H. S. No. 37	Blanton, Smiley	Psy	1,200
	Yates, J. L.	Consult. surg	900
	Rogers, M. F.	Gen. med	900
	Oatway, W. H.	Throat spec	900
	Gray, Walter K.	Urologist	600
	Gaenslen, F. J.	Cons. orth. surg	900
New York, N. Y., P. H. S. No. 38	Wallace, C.	Orth. surg	2,400
	Cilley, Arthur	do	2,400
	Quick, Douglas	Ma ig. and allied dis.	1,200
	Be l, G. H.	Otology	2,400
	Kingman, Robert	N. P.	3,600
	King, Jos. E.	Brain surgery	1,200
	Lambert, Alex.	Int. med	4,800
	Stewart, Harry E.	Physiotherapy	1,900
	Kingery, L. B.	Urol. surg	2,400
	Lows ey, O. S.	Urology	1
	Sautter, C. N.	Otology	1
	Sheehan, J. E.		1
	Timney, Frederick	Neurology	1
	Timme, Wa ter	do	1
	Stone, Wm. S.	Surgery	1,200
Hoboken, Pa., P. H. S., No. 39	Closed		
Cape May, N. J., P. H. S. No. 40	do		
New Haven, Conn., P. H. S. No. 41	Blake, E.	Oculist	1,200
	Swain, H. L.	Aurist	600
	Diefendorf, A. R.	Psychiatrist	1,200
Perryville, Md., P. H. S. No. 42	Richards, C. H.	Gen. surg	2,400
West Roxbury, Mass., P. H. S. No. 44	Parker, W. S.	Neuro.-psy	1,200
	Cahill, H. P.	E. N. and T.	1,200
	Clymer, Geo.	N. P.	1,200
	Solomon, H. G.	N. P.	900
	Marble, Henry C.	Surgery	10
Biltmore, N. C., P. H. S. No. 45	Bisch, Louis E.	N. P.	1,200
	Briggs, H. H.	E. E. N. and T.	600
	Dunn, W. L.	Internist	300
	Glenn, E. B.	Surg	300
	King, Edward	Orth	300
Deming, N. Mex., P. H. S. No. 46	Closed		
Markleton, Pa., P. H. S. No. 47	do		
Atlanta, Ga., P. H. S. No. 48	Shown on district reports		
Philadelphia, Pa., P. H. S. No. 49	Shannon, C. E. G.	Eye	900
Prescott, Ariz., P. H. S. No. 50	Yount, C. E.	Surgery	1,800
Tucson, Ariz., P. H. S. No. 51	Morris, B. F.	E. E. N. and T.	1,800
	Butler, J. I.	Surg	1,200
Boise, Idaho, P. H. S. No. 52	Laubaugh, Ernest	Laboratory	1,800
Dwight, Ill., P. H. S. No. 53	Nell, Thomas F.	N. P.	500
Arrowhead Springs, P. H. S. No. 54	Savage, Wm. W.	E. E. N. and T.	900
Fort Bayard, N. Mex., P. H. S. No. 55	None on duty		

[1] Fee basis.

List of attending specialists on duty at Public Health Service hospitals, by station, paid out of appropriation "Medical and hospital services"—Continued.

Hospital.	Name.	Specialty.	Salary.
Fort McHenry, Md., P. H. S. No. 56	Bagley, Chas., jr	N. P	$2,400
	Dunott, Daniel Z	Surg	1,800
	Ketron, L. W	Derm	1,200
	McConachie, Alex. D	E. E	1,800
	Rytina, Anton G	Urol	1,800
	Taylor, Robert T	Orth.-surg	2,100
	Boggs, Thomas R		2,400
Knoxville, Iowa, P. H. S. No. 57	Conkling, Wilbur S	Surg	900
	Lynch, Robert J	E. E. N. and T	1,200
New Orleans, La., P. H. S. No. 58	Otis, Walter J	Consult. psych	2,700
Tacoma, Wash., P. H. S. No. 59	None on duty		
Oteen, N. C., P. H. S. No. 60	MacRae, John D	X-ray	2,100
	Greene, Jos. B	Laryngologist	600
Fox Hills, N. Y., P. H. S. No. 61	Knopf, S. Adolphus	T. B	2,400
	Smith, Alan D	Orth	2,400
	Buckstein, Jacob	Gastro.-ent	2,400
	Moorhead, John J	Gen. surg	2,400
Augusta, Ga., P. H. S. No. 62	Coleman, Thos. D	Int. med	600
Lake City, Fla., P. H. S. No. 63	Harkness, Robt. B	Gen. med. and surg	1,200
Camp Kearney, Calif., P. H. S. No. 64	Foster, R. de Leclaire	Surg	1,200
	Hoagland, Henry	Cons.-surg	1,200
	Yates, John C	Derm	600
St. Paul, Minn., P. H. S. No. 65	Dougherty, E. B	T. B	600
	Hengstler, Wm. H	N. P	2,400
Kansas City, Mo., P. H. S. No. 67	Wolley, Paul V	Urol	1,800
	Orr, T. R	Fee basis	
Minneapolis, Minn., P. H. S. No. 68	Grave, Floyd	Int	1,800
	Josewich, Alex	Int.-T. B	3,000
	Avery, Jacob F	Int	1,800
	Brown, Paul F	Surg	1,800
	Corbett, J. Frank	do	3,000
	Curtain, John F	E. E. N. and T	2,400
	Giessler, Paul F	Orth	1,800
	Mann, A. F	Surg	3,600
	Maxtener, Stanley R	do	1,800
Newport, Ky., P. H. S. No. 69	None on duty		
Sterling Junction, Mass., P. H. S. No. 71	do		
Helena, Mont., P. H. S. No. 72	Horsky, Rudolph		1,200
	Treacy, John L		2,100
	Copenhaver, Wm		1,200
Jackson Park, Ill., P. H. S. No. 73	Piper, Lawrence P	Phys	1,200
Gulfport, Miss., P. H. S. No. 74	O'Deneal, E. P	E. N. and T	1,200
Colfax, Iowa., P. H. S. No. 75	None on duty		
Maywood, Ill., P. H. S. No. 76	Nevmann, Clarence A	N. P	1,800
Fort Mackenzie, Wyo	None on duty		
Walla Walla, Wash	do		
North Little Rock, Ark	do		
Portland, Oreg	Diemer, Frederick E	Roent	1,800

List of attending specialists on duty at dispensaries and clinics paid from the appropriation "Medical and hospital services."

Hospital.	Name.	Specialty.	Salary.
Chicago, Ill., clinic	Lifschutz, Jacob	E. E. N. and T	$1,200
Minneapolis, Minn., clinic	Lee, John W	do	1,800
	Macnie, John S		1,200
	Marcley, Walter J	T. B	4,800
	Reed, Chas. Anthony	Orthopedist	2,400
St. Paul, Minn., clinic	Cole, Wallace H	do	2,400
	Colvin, A. R	Bone spec	2,400
	Cook, Paul B	Urol. and derm	1,200
	Drake, Chas. B	Internist	1,200
	Freeman, Chas. D	Dermatologist	1,200
	Hall, A. R	Internist	2,400
	Hammes, E. M	Urologist	2,400
	Leavenworth, R. O	E. E. N. and T	2,400
	McCormick, Thos F	do	2,400
	McDavitt, Thos	Occulist	1,200
	Staley, John C	Surg	1,200

List of attending specialists on duty at second and third class relief stations paid from the appropriation "Medical and hospital services."

Hospital.	Name.	Specialty.	Salary.
Providence, R. I., second class	Gilbert, John J		$1,200
	Mahoney, Andrew W	Orthopedics	1,200
	McCusker, John F		1,200
	Ruggles, Arthur H	Psychiatrist	1,200
LaCrosse, Wis., third class	Smith, Dean S		1,200
Milwaukee, Wis., third class	Becker, W. F	Neurologist	1,800
	Black, Nelson M	E. E. N. and T	1,800
	Brown, Geo. V. I	Max. facial	1,200
	Evans, Curtis A	Surg	1,200
	Foerster, Harry R	Dermatology	600
	Hasey, Wm. H	E. E. N. and T	1,200
	Meyst, Chas. H	T. B	2,400
San Juan, P. R., district No. 16	Babcock, Levis C	Nose and throat	1,440
	Guillot, Eliseo F	Neurologist	720
	Lippitt, Wm. F	Surgery	2,400
Chicago, Ill	Singer, H. Douglas	Neuro. psych	3,600
Baltimore, Md., tuberculosis sanatorium	Cullen, Victor	T. B. spec	[1] 15
Springfield, Ill., tuberculosis sanatorium.	Palmer, Geo. T	do	[1] 15
Wallingford, Conn., tuberculosis sanatorium.	Lyman, David	do	[1] 15
Baltimore, Md., tuberculosis sanatorium.	Sloan, Martin F	do	[1] 15
New York, N. Y., P. H. S. No. 38	Dench, Edw. B	Otology	[2] 1
	Elsberg, Chas. A	Surg	[2] 1
	Blake, Jos. A	do	[2] 1

[1] Per day. [2] Per annum.

List of attending specialists on duty at marine hospitals, by station. Paid out of U. S. Public Health Service appropriation "Pay of personnel."

Hospital.	Name.	Specialty.	Salary.
Boston, Mass., Marine Hospital No. 2	Barney, J. Delinger	G. U	$1,200
	Kimpton, A. R	Surg	1,200
	Riemer, Hugo B. C	Diseases of eye	2,040
	Sullivan, Chas. B	Neurologist	1,200
	Thorndike, Townsend Wm.	Diseases of skin	600
Buffalo, N. Y., Marine Hospital No. 3	Carpenter, Thos. B	G. U	600
	Potts, Frank N	Orth.-surg	360
	Marcey, W. H	Surg	600
	Hubbard, A. E	Opth	1,200
	Renner, W. Scott	E. E. and T	1,200
	Putnam, Jas. W	Neuro.-psy	1,200
	Pryor, John H	T. B	1,200
	Rochester, Delancey	Int. med	360
Chicago, Ill., Marine Hospital No. 5	Bassoe, Peter	Neurologist	2,400
	Pollock, Lewis	do	1,200
	Washburn, Jas. M	Medicine	1,200
	Mahoney, Geo	Eye	600
	Fiske, David	E. N. T	1,200
Cleveland, O., Marine Hospital No. 6	Bowers, C. A	Neurologist	1,200
	Chamberlin, Wm. B	Otologist	1,200
	Drysdale, H. H	Neur	1,200
	Morrill, G. M	Orth	1,200
	Wille C. W	Gen. surg	1,200
	Wolfenstein, Leo	Opth	1,200
Detroit, Mich., Marine Hospital No. 7	Stirling, Alex. N	Surg	1,200
	Blodgett, W. E	Orth	1,200
	Shankwiler, R. A	Chest	1,200
	Jenne, B. H	Eyes	1,200
	Shurly, B. R	E. N. and T	1,800
	Reye, H. A	N. P	1,200
Evansville, Ind., Marine Hospital No. 8.	Davidson, Wm. R	Surg	900
	Dyer, Wallace C	Opth	900
Fort Stanton, N. Mex., Marine Hospital No. 9.	No attending specialists on duty.		
Key West, Fla., Marine Hospital No. 10.	Porter, Jos. Y	Bact	600
	Warren, Wm. R	Surg	2,400
	Deboe, Michael P	Opthomologist	1,200
Louisville, Ky., Marine Hospital No. 11	Dabney, Samuel G	E. E. N. and T	1,800
	Owen, W. Barnett	Orth.-surg	840
	Solomon, Leon L	Internist	840
	Bloch, Oscar E	Surg	1,200

List of attending specialists on duty at marine hospitals, by station. Paid out of U. S. Public Health Service appropriation "Pay of personnel"—Continued.

Hospital.	Name.	Specialty.	Salary.
Memphis, Tenn., Marine Hospital No. 12.[1]			
Mobile, Ala., Marine Hospital No. 13	Acker, P. J. M	Surg	$900
	Bondurant, E. B	Nervous and mental diseases	900
	Rush, John O	G. U	900
	O'Gwynn, John C	E. E. N. and T	1,200
	Kilpatrick, G. C	Int. med	600
	Sledge, E. S	N. P	2,100
New Orleans, La., Marine Hospital No. 14.	Lyons, Randolph	General medicine	1,200
	Maes, Urban	Neuro. and recon. surg	1,200
	Daspit, Henry	Neuro	1,200
	Hatch, E. S	Orth. surg	1,200
Pittsburgh, Pa., Marine Hospital No. 15.	Sherman, Wm. O'N	Gen. surg	2,400
Portland, Me., Marine Hospital No. 16	Brock, Henry H	Surg	1,200
	Emery, H. S	Int	960
	Webber, M. C	do	960
	Wescott, Clement P	Neuropsy	600
	Caswell, Chas. O	Orth	360
Port Townsend, Marine Hospital No. 17.	No attending specialists on duty.		
St. Louis, Mo., Marine Hospital No. 18	Bredeck, Jos. F	Diseases of chest	1,200
San Francisco, Calif., Marine Hospital No. 19.	Ely, Leonard W	Orth. surg	1,800
	Naffziger, Howard C	Neuro. surg	1,200
Savannah, Ga., Marine Hospital No. 20	de Caradeuc, St. J	E. E. N. and T	1,380
	Crawford, W. B	Surg	2,400
	Egan, Michael J	N. P	600
	Richton, H. Y	Urol	600
Stapleton, N. Y., Marine Hospital No. 21.[1]			
Vineyard Haven, Marine Hospital No. 22	No attending specialists on duty.		
Wilmington, N. C	Closed		

[1] All men transferred to Veterans' Bureau and paid by them.

List of attending specialists on duty at Public Health Service hospitals, by station, paid out of appropriation "Pay of personnel."

Hospital.	Name.	Specialty.	Salary.
Norfolk, Va., P. H. S. No. 29	Burke, Antonio A	E. E. N. and T	$1,200
	Gwathmey, Lomax	Gen. surg	1,200
	Kellam, Claude D	Physiotherapist	1,500
	Martin, Walter B	Int. med	1,440
	Magruder, Levin F	Roentgenologist	1,200
	Redwood, Frank H	N. P	960
	Vann, Foy	Orth. surg	1,200
	Williamson, Thos. V	Urologist	1,440
Ellis Island, N. Y., P. H. S. No. 43	Huey, Arthur J	E. N. and T	[1] 10
	Onuf, Bronislaw	N. P	1,440
Carville, La., P. H. S. No. 66	Hopkins, Ralph	Leprosy	1,800
New York, N. Y., P. H. S. No. 70	None on duty		

[1] Per day.

List of attending specialists on duty at second and third class relief stations paid out of appropriation "Pay of personnel."

Station.	Name.	Specialty.	Salary.
Charleston, S. C., second class	Kollock, Chas. W	E. E. N. and T	$1,200
Honolulu, T. H., second class	Morgan, James A	do	600
Los Angeles, Calif., second class	Barlow, W. J	Int. med	1,800
	Toland, Clarence G	Gen. surg	2,160
	Wharton, Chas. G	Neuro	1,800
Portland, Oreg., second class	Lucas, Harold R	E. N. and T	1,980
	Parker, Harvey G	Derm	1,440
	Pettit, Jos. A	Surg	1,200

List of attending specialists on duty at second and third class relief stations paid out of appropriation "Pay of personnel"—Continued.

Hospital.	Name.	Specialty.	Salary.
Portland, Oreg., second class	Strohm, J. Guy	G. U	$480
	Benson, Robt. L	Path	1,500
	House, Wm	Psychiatry	1,200
	Josephi, Simeon E	Neurol	1,200
	Wellington, Richard H	Chest	1,200
	Wright, Sherman E	E. E. N. and T	1,860
	Wilson, Geo. F	Orth	900
Bay City, Mich., third class	Urmston, Paul R	E. E. N. and T	1,200
Green Bay, Wis., third class	Bellin, Joseph	do	1,200
Port Huron, Mich., third class	Fraser, I. C	do	1,200
Richmond, Va., third class	Jones, Wm. R	Surgery	1,200

The CHAIRMAN. We ought to know, and you ought to know when you come here. What kind of a contract do you make with these people? Do you make a flat rate or do you allow them to charge whatever they please?

Dr. LAVINDER. Our method of employing attending specialists is on a salary basis, depending on the amount of work they do, and that is checked up regularly.

The CHAIRMAN. What is the rate of the salary and how do you calculate it?

Dr. LAVINDER. It may run anywhere from $25 a month up to $300 or $400 a month.

The CHAIRMAN. You would have to have a lot of them at $25 to spend $725,000.

Dr. LAVINDER. We have many doctors, yes. I am sorry, Mr. Madden, that I can not give you more accurate information, but I did not know when I was called here that it was in relation to this matter. I thought it was in relation to another matter and so I am totally unprepared, but I can supply you with that data.

The CHAIRMAN. Somebody ought to be able to supply the information upon which these figures are based.

Mr. SISSON. Who made the estimate for this deficiency?

Col. FORBES. This estimate was made by our own statistician, and we have been in consultation with the Public Health Service, trying to get from the Public Health Service what has been done with the money allotted to them by the bureau. After several efforts we finally did get a great deal of information from the Public Health Service. Perhaps their method of bookkeeping is different than ours, but——

Mr. SISSON (interposing). The reason I asked that question is this: There are certain figures that the chairman is now asking about and somebody connected with the Government ought to be responsible for the amount of money which finally finds its way into the figures which you here submit.

Col. FORBES. We are responsible for these figures and we can give you an explanation of them.

Mr. SISSON. That is true, but you got them from somebody else.

Col. FORBES. We had to get them from somebody else.

Mr. SISSON. And the people who made the estimate ought to have the information upon which the estimate was based.

The CHAIRMAN. You say you have had trouble in getting information from the Public Health Service as to the expenditure of the money?

Col. FORBES. Well, when I say that, I mean that when I first reviewed all of these figures, I asked Mr. Routsong to get them itemized and complete so that we might know what was done with the amounts allotted. The first statements I received were in lump sums for various purposes, but did not contain the application of those sums, so I sent back to the Public Health Service on two or three different occasions for an itemized statement of the expenditures so that we might make these requests for appropriations and find unit costs for everything that was being done in the bureau and the Public Health Service. About a week ago the Public Health Service sent two young men down to us and we discussed with them what was required in order to make these statements complete and correct and so that they might be better understood, and these men are now engaged in doing that. We showed the Public Health Service what we are doing in order to arrive at these figures.

The CHAIRMAN. Did you not have all of this detailed information when you went to the budget officer with a request for an appropriation?

Col. FORBES. The same as is contained here.

The CHAIRMAN. And that is all?

Col. FORBES. Yes, sir.

The CHAIRMAN. You had no details?

Col. FORBES. No, sir; other than what we worked up ourselves.

Mr. KELLEY. What showing did he require of you before he submitted these figures to us?

Col. FORBES. In the first instance, as I remember, I went over with the finance officer and we reduced that budget about $25,000,000. Is that correct?

Mr. ROUTSONG. $27,000,000.

Col. FORBES. And there was a further reduction made just before coming up here.

Mr. KELLEY. We are talking about Gen. Dawes's department.

Col. FORBES. That is what I am talking about. Before coming up here a representative of the budget came over with the suggestion of a further reduction of $12,000,000 from our estimates. Inasmuch as this request came at a late hour before coming here it was impossible for me to say arbitrarily, "Yes, reduce it $12,000,000," because these figures were made up on the data we had on hand in the bureau and the data we got from the Public Health Service.

Mr. KELLEY. What detailed figures did you submit to the Budget Commissioner?

Col. FORBES. Just what appears here.

Mr. ROUTSONG. I might say that the expenditure last year under this item was $716,339.58, as reported to us by the Public Health Service. We estimated that the expenditure for that item this year would be approximately the same, and considering that the Sweet bill will doubtless increase our hospitalization and all of our medical service, we allowed the figures to stand just as they were reported to us.

The CHAIRMAN. Do you want me to tell you what I would have done if I were going to make up one of these items? I would have

found out how many doctors I employed, say, the surgical and medical specialists, how many cases they would have, based on past experience, how much each doctor got for each case, the average compensation he would receive if he were kept constantly employed in this sort of work, and then I would be able to present the facts to the only body that is held responsible by the American people for the expenditure of this money, but that is not what you have done.

Mr. ROUTSONG. That has not been done because this data was not available.

The CHAIRMAN. But it was easy to get it; the Public Health Service ought to have it, and you should have required it of them.

Mr. KELLEY. The colonel said he had great difficulty in getting what he did get.

Dr. LAVINDER. May I explain that I do not think you perhaps understand just the way we use attending specialists. We are operating about 67 hospitals all over the United States, and these men are attached to the staffs of these hospitals on a salary basis. They may see 25 cases one day and no more for a week, but we only pay them according to the volume of the service. We do not pay fees because it would cost too much money. We can supply you with data showing you the number of specialists we have, but we can not tell you the number of patients each specialist sees.

The CHAIRMAN. You could easily keep a record of all that and you would have to keep such a record if you were running a business, that is, if you were going to be successful. However, this is only the people's business and, of course, it is of no consequence to anybody except the people, and we are speaking for them because nobody else seems to be speaking for them.

Col. FORBES. We have a complete list of all the doctors employed in hospitals and in the various district offices, and we do know who the attending specialists are.

The CHAIRMAN. We ought to know.

Col. FORBES. Absolutely; I agree with you, and we will give you that information. A complete list will be submitted.

The CHAIRMAN. I will tell you this: We are going to make the system complete or we are going to refuse to make appropriations, and then we will let you gentlemen who are charged with the responsibility of administering the funds take the responsibility. We will go to the House of Representatives and tell why we did not do it, and you can answer it if you want to.

Col. FORBES. I want to state that the Veterans' Bureau is in a position to-day to answer every question having to do with the operation of the bureau.

Mr. GALLIVAN. That is all right; but you were not yesterday.

Col. FORBES. But we have gotten the data for you.

The CHAIRMAN. Give us the other items.

ORTHOPEDIC SUPPLIES.

Mr. ROUTSONG. Orthopedic supplies, $120,000. The amount expended last year was $127,888.88.

The CHAIRMAN. That is in cases where men have to have trusses?

Col. PATTERSON. Yes; glass eyes, braces, and things of that kind.

The CHAIRMAN. Go ahead.

HOSPITAL SERVICES.

Mr. ROUTSONG. Hospital services, contract.

The CHAIRMAN. That is independent of the Public Health Service, is it?

Mr. ROUTSONG. Those are bills for hospitalization in civil hospitals used as extensions of the hospitals of the United States Public Health Service, at No. 51, Tucson, Ariz., and No. 32, Washington, D. C.

The CHAIRMAN. Under contract?

Mr. ROUTSONG. Yes, sir; they have been under contract with the Public Health Service. I have made the present estimate simply on the basis that last year the amount disbursed for that purpose was approximately $135,000.

The CHAIRMAN. How much is your estimate now?

Mr. ROUTSONG. $125,000.

BURIAL AWARDS.

The CHAIRMAN. What is the next item?

Mr. ROUTSONG. Burial awards, $80,000.

The CHAIRMAN. In what cases do you make burial awards?

Col. PATTERSON. In the cases of all men who die in hospitals; they are buried by us and we have to pay the expense.

The CHAIRMAN. The amount is $80,000?

Col. PATTERSON. Yes, sir.

The CHAIRMAN. All the men who are in hospitals and die there are entitled to burial by the Government?

Col. PATTERSON. Yes, sir.

Mr. ANTHONY. How about a soldier who dies outside of a hospital—is he buried by the Government?

Col. PATTERSON. Not unless he is receiving compensation; if he is a claimant of the bureau he would be buried by us.

Mr. ANTHONY. But not otherwise?

Col. PATTERSON. But not otherwise; no.

DENTAL SERVICES.

The CHAIRMAN. Give us the next item.

Mr. ROUTSONG. Dental services.

The CHAIRMAN. Did we not have that just a little while ago?

Mr. ROUTSONG. No; that was dental clinics. Dental services, $5,000,000.

The CHAIRMAN. What does that cover?

Mr. ROUTSONG. That includes dental fees.

Mr. ANTHONY. Are we not running a little wild on this dental business?

Col. PATTERSON. Yes, sir; very much so.

The CHAIRMAN. Tell us what dental fees mean.

Col. PATTERSON. I will tell you what that means. In the past any man who has had any kind of a disability connected with his mouth has been going to dental people and getting his mouth fixed up. Some of these men have trouble with their mouths and the trouble is not connected with the service in any way, and yet many of them seem deserving. The director is of the opinion, as are others in the

bureau, that the bureau has been too liberal in the matter of dental treatment, and there is going to be a marked cut-down in that. The facts are that if a man has a dental disability connected with the service and he is living in some small town, he has to get dental treatment and we have to pay on that basis.

The CHAIRMAN. How do you determine whether his dental troubles are due to the service?

Col. PATTERSON. He is examined and is rated as to whether he has a disability or not and, if so, how much.

Mr. ANTHONY. But he has to prove that the disability is connected with the service?

Col. PATTERSON. Yes, sir.

Mr. BYRNS. Three years after the service how can a man prove, if he has a decayed tooth, that it was connected with his service?

Col. PATTERSON. He would have a hard time doing it now. The way it is done is by affidavits; the men get people to swear that they had perfect teeth when they went into the Army, and that when they left the Army they were in bad shape, and such affidavits, plus an examination by some local doctor, have been the basis upon which a man has been awarded compensation.

Mr. BYRNS. I can see how that would be possible immediately after or within a reasonable time after the war closed, but the war closed three years ago, and it seems to me that a man who comes up now with a decayed tooth would have a pretty hard time showing that it was connected with his service.

Col. PATTERSON. The Sweet bill opened up the door pretty wide and any man who has less than a 10 per cent, even 1 per cent, disability is entitled to treatment if the disability can be connected with the service. So a great many men are going to get treatment for years—those who do not need hospitalization—and it is going to cost the Government a great deal of money.

Mr. BYRNS. Suppose an ex-service man applies for dental work and is put in charge of a dentist; the dentist attends to him, treats his teeth and discharges him; then in the course of a year if he has another decayed tooth, or something of that sort, are you going to make it a practice to continue treating him from year to year?

Col. PATTERSON. Only if it can be shown that that disability is due to his service. Of course, you are quite right, and it is impossible for many of them to connect such a disability with the service at this late date, and there should be a comparatively small number who can connect such a disability with the service, but it has been done, and the director has just issued some revised dental rating tables which will cut that down a great deal. I think they have been too liberal in their interpretation in the past and the director feels this to be so, and that he must make strict rules in order to enable the dental referees to reach an accurate conclusion and form a judgment which will be both fair to the men and in the interest of the Government.

Mr. ANTHONY. Is it not a fact that right after the war you confined your dental treatment to physical injuries of the mouth and teeth?

Col. PATTERSON. Yes; I believe so.

Mr. ANTHONY. And that subsequently an interpretation was made which covered all classes of dental work?

Col. PATTERSON. Yes, sir; if they were at all connected up with the service.

Mr. GALLIVAN. May I ask how this estimate compares with the appropriation made last year?

Col. PATTERSON. For dental fees the appropriation last year was $1,864,877.50.

Mr. KELLEY. How many cases do you expect to treat for dental reasons?

Mr. ROUTSONG. That is a very difficult question to answer, due to section 13 of the Sweet bill, which makes it almost necessary to extend these dental examinations, and we do not know.

Mr. KELLEY. Do you think there will be 100,000?

Col. PATTERSON. I should say more than that, sir.

NOTE.—Number of dental treatments completed (seven-month period):

April	7,628
May	10,254
June	13,045
July	10,103
August	9,870
September	8,202
October	8,353
Total	67,455
Average	9,635

Estimated total for 12-month period, 115,620.

Mr. KELLEY. That would be $50 a man.

Col. FORBES. The average is about that, but the evil of it all is this that the dental examiner is also the workman; the man who examines a man's teeth does the work.

Mr. KELLEY. What is the average bill?

Col. PATTERSON. At present about $50, Mr. Kelley. With about 115,000 dental examinations per annum, at $50 an examination, there would be expended nearly $6,000,000.

Mr. SISSON. Of course, I do not know how much there is to the modern theory among physicians and dentists as to the various ailments of the human family due to bad teeth, but if it should be true that a bad mouth and bad teeth resulted in a disease like rheumatism, etc., it seems to me it would be more economical to take care of the teeth and avoid these other diseases. Suppose a man is able to trace the beginning of the teeth infection to the period during which he served in the war; it seems to me it would be vastly more economical to fix up his mouth, even if it cost you $100, than to let it run and have the man become an invalid. Of course, my suggestion is based on the idea that it can be conclusively shown that the teeth trouble did originate in the war.

Col. PATTERSON. That is exactly what they are doing now.

Mr. SISSON. So I believe it would be a matter of great economy, as well as a piece of very great humanity, if a man can prove that his mouth trouble grew out of the war, to give him dental treatment rather than to allow it to go on until it runs into something else.

Col. PATTERSON. That is what they are doing and that is why they have connected so many with the service.

Mr. GALLIVAN. I would like to come back to this estimate. What was that estimate?

Mr. ROUTSONG. $5,000,000.

Mr. GALLIVAN. You say the expenses last year were over $1,000,000?

Col. PATTERSON. $1,864,877.50.

Mr. GALLIVAN. $1,800,000 more than you estimate for next year?

Col. PATTERSON. No; it is less. We estimate for this year more than for last year.

Mr. GALLIVAN. That is what I want to come to. Is not this true, that you had to fire a lot of your dentists because you found that they were crooks?

Col. FORBES. Yes, sir.

Mr. GALLIVAN. How many of them?

Col. FORBES. Quite a few.

Mr. GALLIVAN. Did you fill their places?

Col. FORBES. Not that I know of.

Mr. GALLIVAN. They entered into a conspiracy to rob the Government, did they not?

Col. FORBES. Whether it was a conspiracy to rob the Government or not I do not know.

Mr. GALLIVAN. Did you not try to get various United States district attorneys in several parts of the country to indict these dentists for conspiracy?

Col. FORBES. I did not.

Mr. GALLIVAN. I do not mean you; but I mean the Public Health Service?

Dr. CUMMING. Soon after we began this dental work we were afraid there might be some fraud, so we sent out an inspector, and as a result of that I think we turned over some eighty-odd cases to the Department of Justice, and I think that had a very salutary effect.

Mr. GALLIVAN. Those eighty-odd dentists were all dropped?

Dr. CUMMING. I do not know what the Department of Justice did with the cases.

Mr. GALLIVAN. I mean they were dropped from your rolls?

Dr. CUMMING. They were not on our roll; they were just employed to make these examinations.

Mr. GALLIVAN. Who paid them?

Dr. CUMMING. They were paid by a fee.

Mr. GALLIVAN. But their bills came in to your department?

Dr. CUMMING. Oh, yes; and we found that some of the bills were fraudulent, and we turned them over to the Department of Justice for action.

Col. FORBES. They were not employees, as I understand it; but they acted in the capacity of dental examiners and workmen.

Mr. GALLIVAN. But they were appointed by the Public Health Service?

Col. FORBES. Yes.

Mr. KELLEY. Have you established or attempted to establish a scale of prices for dental work?

Col. PATTERSON. Yes, sir.

Mr. ANTHONY. The law which authorizes this dental treatment is very specific. It says:

Or by reason of any aggravation of a preexisting injury or disea[illegible] at examination for entrance into or employment in the [illegible] service.

So I should think it would be very easy to get a man's record and confine your dental treatment to those cases where the disability was noted at the time of entrance into the service. The law is really very narrow.

Mr. ROUTSONG. That is section 13?

Mr. ANTHONY. Yes.

Col. FORBES. A man may have had noted the absence of three or four teeth; after his service he goes to a dental examiner and the dental examiner says it is no use to fix the teeth which were injured in the Army or during service unless the teeth he lost before he went into the Army are fixed at the same time, so he goes ahead and fixes all of the teeth, on the theory that he can not function without having all the teeth in good shape, and the bill is paid by the Government. In Chicago there were 1,269 dental cases allowed and it cost $100,490, or approximately $80 a case, in that district, and that was in one month. As I say, I think the great evil in this whole thing is in permitting the dentist who makes the examination to also be the workman.

Of course, that man will do the work and is anxious to do the work. I have myself looked into the mouths of 40 or 50 men and I have seen a complete equipment of teeth, the mouths fully rehabilitated at the expense of the Government. A man's record might only show two absent teeth, and then after the service there might be more, and the dentist who makes the examination will tell him there is no use in fixing the teeth injured in the service unless all of them are fixed, and then the dentist goes on and does all of the work. That has been done and the bill has been presented to the Government and the Government has paid it. As I say, the great evil is that one man is the examiner and the workman.

Mr. WOOD. Why do you not change that system?

Col. FORBES. We are changing it and we are putting in our own dental clinics.

Col. PATTERSON. Mr. Anthony brought up the point about the teeth. The law says:

> Disease or injury contracted in the service or by reason of any aggravation of a preexisting injury or disease, specifically noted at examination for entrance into or employment in the active military or naval service.

In the case of many men it was noted that there were absent teeth when they went into the service, and these same men, when they came out of the service, claimed that their mouth condition was aggravated by the service, and they could get treatment for that under section 13 of the act of August 9, 1921.

Col. FORBES. At least 1 out of every 10 is a dental case.

Col. PATTERSON. The estimate would have been nearly $6,000,000, but it was reduced to $5,000,000.

The CHAIRMAN. Who is to blame if it is costing $50 a man?

Mr. WOOD. The colonel has been explaining that, and it looks as though they were doing twice as much work as the Government should be doing.

Col. PATTERSON. And the director is taking steps to do away with that. We are not going to let these dental men examine a man and also do the work themselves; a man will be examined by our own men first, and they will indicate how much work shall be done,

and a scale of prices will be set for such work, so that dental surgeons who desire to do it will know how much they will get in each case.

The CHAIRMAN. But you are not saving any money.

Col. PATTERSON. That is due to the Sweet bill.

Col. FORBES. The Sweet bill will operate until the 9th of next August.

Col. PATTERSON. They can apply for treatment until next August.

The CHAIRMAN. And all examinations must be made between now and then?

Col. PATTERSON. Those that have not applied for relief by that time will be out of luck.

Mr. KELLEY. How many applications for dental treatment have you pending now?

Col. PATTERSON. In the bureau?

Mr. KELLEY. Yes.

Col. PATTERSON. For disability?

Mr. KELLEY. For dental treatment.

Col. PATTERSON. I should say offhand that in the bureau we are practically current now.

The CHAIRMAN. Dental treatment, of course, means disability?

Col. PATTERSON. But they have to be rated first to see whether they have a disability.

Mr. KELLEY. You are figuring on treating 115,000 during this coming year?

Col. PATTERSON. Yes, sir.

Mr. KELLEY. And you treated 50,000 last year?

Col. PATTERSON. No; it was probably less than that last year, but this year the door has been opened wide by the Sweet bill and we are going to have many more to treat under the provisions of section 13 of that bill if they can prove that their disability is due to injury or disease in the service or to an aggravation of the preexisting injury or disease which they had when they went into the service.

Col. FORBES. If the disability is only one per cent they are entitled to treatment under the Sweet bill.

The CHAIRMAN. Let us go to the next item.

DISTRICT ORGANIZATIONS—REGIONAL AND SUBOFFICES.

Mr. ROUTSONG. District organizations, regional, and suboffices, $13,066,618.

The CHAIRMAN. How much?

Col. PATTERSON. $13,066,618.

The CHAIRMAN. You must have had some definite idea of the number of men you would have in the district organization and the suboffices when that estimate was made; did you not?

Mr. ROUTSONG. We set up a tentative budget.

Col. FORBES. We have also a chart of the organization, showing that?

Mr. ROUTSONG. Yes, sir.

The CHAIRMAN. It seems to me that you could not have reached these figures unless you had some definite information upon whi to base them?

Mr. ROUTSONG. The information which we had, of course, w partial.

The CHAIRMAN. One sided?

Mr. ROUTSONG. It was partial.

The CHAIRMAN. That is one sided, is it not?

Col. PATTERSON. Yes, sir.

Mr. ROUTSONG. We had to provide for 140 suboffices which were not in existence at the time this tentative budget was set up. We had to provide for decentralizing a great many functions which were done in Washington and which can be done much more economically, that is, from the standpoint of cost, we believe, per case, than could be done in the field. We would be glad to submit this tentative budget as we worked it out.

The CHAIRMAN. What does it cover?

Mr. ROUTSONG. It covers such items as salaries, equipment and supplies, including stationery, printing, binding, furniture, miscellaneous expenses, traveling, subsistence, motor vehicles, rentals, heat, light, water, telephone and telegraph, freight and transportation.

The CHAIRMAN. Section 6 of the act provides that the director shall establish a central office, not more than 14 regional offices, and suboffices, not exceeding 140. He does not have to have 140 and he does not have to have 14 regional offices, but you are contemplating in this estimate the total number?

Col. PATTERSON. Yes, sir.

The CHAIRMAN. You could not by any system of calculation have less than you are authorized to have?

Col. FORBES. We have less.

The CHAIRMAN. Why should we appropriate for more if you have less?

Col. FORBES. It is provided that these offices shall operate until 1926.

The CHAIRMAN. But you are not getting an appropriation for 1926, you are only getting an appropriation for the rest of this fiscal year.

Let us take a suboffice—how many men have you in a suboffice?

Mr. KELLEY. I thought the colonel said for less, how many?

Col. FORBES. I think about 120 have been established or provided for.

The CHAIRMAN. Have all of the regional offices been established?

Col. PATTERSON. Yes, sir.

NUMBER OF EMPLOYEES IN SUBOFFICES.

The CHAIRMAN. How many men would you have, for example, in a suboffice?

Mr. ROUTSONG. I will furnish for the record a district and suboffice organization.

Personnel and salary chart of district office, United States Veterans' Bureau.

[Based upon organization of fourth district, not including medical personnel on duty in dispensaries.]

Designation.	Medical division.												Board of appeals.		Claims division.		Rehabilitation.	
	Executive office.		Rating for compensation and feasibility for training.		Relief, including hospital.		Hospital inspection.		Out-patient treatment.		Total.							
	Number.	Salary.	Number.	Salary	Number.	Salary.	Number.	Salary.	Number.	Salary.	Number.	Salary.	Number.	Salary.	Number.	Salary.	Number.	Salary.
District manager																		
Medical officer	1	$4,740									1	$4,740						
Administrative officer																		
Chiefs			1	$3,530	1	$3,876	1	$4,800			3	12,206			1	$2,640	1	$4,000
Assistant chiefs			1	3,000	2	6,000					3	9,000			1	2,440	3	8,250
Medical member													1	$3,876				
Legal member													1	2,640				
Vocational member													1	3,000				
Medical referees			4	14,000							4	14,000						
Medical vocational officer			1	2,930							1	2,930						
Medical liaison officer					1	4,740					1	4,740						
Eligibility officer															1	2,400		
Training officer			1	2,400							1	2,400						
Relief officer					4	15,504					4	15,504						
Rehabilitation assistant																	10	19,900
Auditor																		
Assistant auditor																		
Claims examiner															6	14,640		
Chief nurse									1	$2,000	1	2,000						
Assistant chief nurse									1	1,710	1	1,710						
Briefers			2	2,800							2	2,800						
Stenographers	1	1,640	2	3,240	4	5,760	1	1,440			8	12,080			7	10,080	7	11,400
Searchers															3	3,600		
Typists			4	5,760	8	9,560			3	3,960	15	19,280			6	8,020	1	1,440
Clerks			3	3,960							3	3,960			8	11,200	3	3,960
Messengers			1	960							1	960			2	1,920		
Total	2	6,380	20	42,580	20	45,440	2	6,240	5	7,670	49	108,310	3	9,516	35	56,940	25	48,950

Designation.	Administrative division.																Grand total.	
	Executive office.		Personnel and supplies.		Cooperation.		Deputy disbursing clerk.		Auditor.		Records, mail, and files.		Transport and notices.		Total.			
	Number.	Salary.	Number.	Salary.	Number.	Salary.	Number.	Salary.	Number.	Salary.	Number.	Salary.	Number.	Salary.	Number.	Salary.	Number.	Salary.
District manager																	1	$5,000
Medical officer																	1	4,740
Administrative officer	1	$3,000													1	$3,000	1	3,000
Chiefs			1	$2,640	1	$3,000	1	$2,240			1	$2,640	1	$1,800	5	12,320	10	31,166
Assistant chiefs	1	2,400	4	7,320	1	2,640	1	1,680	2	$3,600	10	16,440	1	1,600	20	35,680	27	55,370
Medical member																	1	3,876
Legal member																	1	2,640
Vocational member																	1	3,000
Medical referees																	4	14,000
Medical vocational officer																	1	2,930
Medical liaison officer																	1	4,740
Eligibility officer																	1	2,400
Training officer																	1	2,400
Relief officer																	4	15,504
Rehabilitation assistant																	10	19,900
Auditor									1	2,240					1	2,240	1	2,240
Assistant auditor									1	2,040					1	2,040	1	2,040
Claims examiner																	6	14,640
Chief nurse																	1	2,000
Assistant chief nurse																	1	1,710
Statistician	2	3,040													2	3,040	2	3,040
Briefers																	2	2,800
Bookkeepers			2	2,880											2	2,880	2	2,880
Stenographers	3	4,720	7	10,080	1	1,440			2	2,880	9	13,200	1	1,440	23	33,760	45	67,320
Searchers																	3	3,600
Typists			17	24,480			2	2,880	7	9,240	23	34,440	1	1,320	50	72,360	72	101,100
File clerks											33	39,600			33	39,600	33	39,600
Clerks			13	21,560	1	1,440			9	12,000	46	58,320	9	15,840	78	109,100	92	128,220
Mimeograph operators			2	2,300											2	2,300	2	2,300
Messengers			1	960					1	960	9	7,200			11	9,120	13	12,000
Chauffeur			1	960							3	3,360			4	4,320	4	4,320
Laborer			2	2,020											2	2,020	2	2,020
Total	7	13,160	50	75,140	4	8,520	4	6,800	23	32,960	134	175,200	13	22,000	235	333,780	347	562,496

Pay of commissioned officers, United States Public Health Service, does not include increase by act of May 18, 1920, commutation of quarters, heat and light, or longevity pay. All other salaries include bonus. District manager's salary included in total only.

Personnel and salary chart of subdistrict office United States Veterans' Bureau.

[Based upon subdistrict office at Baltimore, Md., district No. 4.]

	Office of local manager.		Medical.		Administrative.		Personnel.		Training.		Total.	
	No.	Total salary.	No.	Total salary.	No.	Total salary.	No.	Total salary.	No.	Total salary.	No.	Total salary.
Subdistrict manager	1	$2,400									1	$2,400
Medical officers			9	$21,600							9	21,600
Administrative officer					1	$2,400					1	2,400
Training officer (no bonus)									1	$2,400	1	2,400
Placement officer (no bonus)									7	16,800	7	16,800
Consulting specialist			6	10,800							6	10,800
Acting assistant surgeon			5	9,000							5	9,000
Vocational advisors (no bonus)									3	7,200	3	7,200
Training assistant (no bonus)									1	2,400	1	2,400
Reconstruction aide	2	3,120									2	3,120
Pharmacist			1	1,500							1	1,500
Associate bacteriologist			1	1,800							1	1,800
Personal service workers							1	$1,620			1	1,620
Nurses			6	10,040							6	10,040
Stenographers and typists	1	1,400	4	5,600	2	2,800	3	4,200	4	5,600	14	19,600
Typists			5	7,000	2	2,000			4	4,000	11	13,000
Clerks	1	1,400			4	5,600	1	1,400			6	8,400
Clerk-typists			4	4,400	4	4,400	1	1,100	4	4,400	13	14,300
Messengers	1	1,020			2	1,480					3	2,500
Chauffeurs	2	1,920									2	1,920
Total	8	11,260	41	71,740	15	18,680	6	8,320	24	42,800	94	152,800

Pay of commissioned officers, United States Public Health Service, does not include increase by act of May 18, 1920, commutation of quartors, heat, and light, or longevity pay. Salaries for clerical personnel do not include bonus.

The CHAIRMAN. Offhand, what would you think?

Col. PATTERSON. Including everything?

The CHAIRMAN. A suboffice. If I were making up the figures, I would know what the figures meant.

Mr. ROUTSONG. I would say that there are from about 20 to 100 men in a field force, dependent upon the size of the subdistrict office. This, of course, includes full-time and part-time physicians on duty in the dispensary.

COST OF FURNISHING SUBOFFICES.

The CHAIRMAN. How much will it cost to furnish a suboffice?

Mr. ROUTSONG. On the average, approximately, $12,000.

The CHAIRMAN. For one suboffice with 20 men?

Col. PATTERSON. We have to have a dental clinic and an X-ray machine in each district and subdistrict office.

The CHAIRMAN. I should think that an office with 20 men could be furnished palatially for a couple of thousand dollars.

Col. FORBES. I cut the estimate submitted by the medical division almost in two.

Mr. ANTHONY. The $12,000 includes the X-ray apparatus?

Col. PATTERSON. Yes, sir; the dispensary and everything.

Col. FORBES. It costs about $2,000 for a dental unit.

The CHAIRMAN. To put a dental chair in operation?

Col. PATTERSON. And the equipment that goes with it; yes, sir. The operator's chair, cabinet, instruments, etc., I think will cost about $2,000.

The CHAIRMAN. Will there be one chair in each one of the suboffices?

Col. PATTERSON. Probably at least one.

The CHAIRMAN. That is about $2,000.

Col. PATTERSON. Yes, sir. Some offices will have to have more.

The CHAIRMAN. That leaves $10,000 for the rest of the furniture. I have furnished some offices at different times and I would not expect it to cost anything like that amount. Why do you not commence to think after the Government's side of the case once in a while? What is the necessity of spending all of that money to organize these offices? They will perform just as good service if they are not organized on such a palatial scale. The men in the offices will do better work if given simple surroundings.

Mr. ANTHONY. How much of the expense of $12,000 is in the professional equipment?

The CHAIRMAN. $2,000 for a chair.

Mr. ANTHONY. How much for the X-ray apparatus?

Col. PATTERSON. $3,000 to $5,000.

Mr. ANTHONY. About one-half of the $12,000 is for professional equipment?

Col. PATTERSON. I should say more than that.

Mr. GALLIVAN. Does each one of these suboffices have an X-ray equipment?

Col. PATTERSON. It has not now, but will have.

Mr. GALLIVAN. And you will have on your rolls men who can operate the X-ray machines?

Col. PATTERSON. Yes, sir.

Mr. GALLIVAN. In each one of these suboffices?

Col. PATTERSON. Yes, sir.

Mr. WOOD. These 140 suboffices were put into the bill by amendment. It was only by a mighty close shave that they got in. It was never contemplated, in the first place. You do not have to establish 140 offices simply because it says you may.

The CHAIRMAN. They have 124.

Mr. WOOD. The men at the time told me that under no circumstances would there be over 40 established.

Col. FORBES. You can not operate the bureau with 40 suboffices.

Mr. WOOD. You would have operated without any of them. The original bill did not contemplate them. It was put in on an amendment just by a close shave.

Col. PATTERSON. The Sweet bill has opened the door wide and says that any man who has any degree of disability, even down to less than 1 per cent, can go to a dispensary and demand treatment.

The CHAIRMAN. Perhaps this might be useful to us. Is there anybody who has information which can be furnished to us which will show a typical suboffice organization, to include the personnel, the number of them; the titles, if they have any; the rate of pay allotted to each man; the character of the equipment in detail; the cost of each style of equipment—whether I state that correctly or not I do not know—with a detailed statement of the expense as

minutely as possible for one of the suboffices which is to be typical of the attitude of the bureau in its organization, and then, further than that, a similar statement of a district office? Probably that will give us the information.

Col. PATTERSON. That will be done, sir. I would also like to insert the following statement in regard to dispensaries and dental clinics:

DISPENSARIES.

It is not at the present time possible to prepare a complete report on dispensaries, particularly in respect to the subdistrict offices, since the plans concerning this phase of the medical work of the United States Veterans' Bureau are largely in the formative stage. An intensive survey is now being made for the country as a whole to determine the real needs in each locality, and accurate data will not be available until the results of this survey have been compiled.

Although, to-date, the United States Veterans' Bureau has not in general been operating its own dispensaries, the necessary medical work of this character has been accomplished through two other agencies: (1) by dispensaries under the jurisdiction of the United States Public Health Service, located both in the district office cities and in certain of the subdistrict office cities, and attached as out-patient clinics of Public Health Service hospitals, or existing as separate dispensary units; and (2) by contract with private hospitals, physicians, or laboratories, on both a fee and salary basis.

The estimated expenditures for the examination and treatment of beneficiaries of the United States Veterans' Bureau by dispensaries under the jurisdiction of the United States Public Health Service for the fiscal year 1921 were $1,749,289. It was estimated that for the fiscal year 1922 there would be an increase of approximately 50 per cent in this work, making a total estimated cost for this work for the fiscal year 1922 of $2,623,933, not including the cost of equipping and maintaining (personnel and supplies) dispensary units for dental work. The estimated cost for dental equipment and maintenance for the fiscal year 1922 was $2,178,614.26. A detailed statement showing the proposed distribution of this item is attached.

Pending the results of the survey on dispensary facilities now being made which will determine the needs for this service in all localities, large and small, there is presented herewith two statements representing the standard requirements for two classes of dispensaries, Class A and Class B. Class A dispensary represents the requirements for a district office city, and certain other first class cities, such as Baltimore, Md., Detroit, Mich., etc. Class B dispensary represents the requirements for the majority of subdistrict office cities. In considering these two statements, it is of course to be borne in mind that actual requirements, city by city, will vary to a considerable degree, dependent upon probably volume of work, condition of the property, and factors of like nature. A number of dispensaries, adequate in every detail and conforming in general to the attached statements, have already been established, particularly at Denver, Colo., Washington, D. C., Los Angeles, Calif., and Baltimore, Md.

In applying these statements to the charts on district office and subdistrict office organization, it is to be borne in mind that in many instances, dispensary facilities are already available through the United States Public Health Service, even though such facilities may not be adequate to meet all needs. Moreover it should not be considered that in applying these statements to the organization charts it necessarily means an added amount in disbursements equal to the total operating cost of the dispensary, since in many instances the offices are already paying rent on space allotted to dispensary purposes, as also are they paying for personnel already engaged in dispensary work. However the attached statements do represent approximately the actual total cost for the equipping and operating for one year of the dispensaries described.

Medical equipment in district dispensary or dispensary, Class A.

Sections.	Cost of equipment.
General surgical, orthopedic surgery	$500
Eye	770
Ear, nose, and throat	500
Urology	1,200

Sections—Continued.	Cost of equipment.
Internal medicine, neuropsychiatric, tuberculosis (no special expense other than outfitting examination rooms).	
Dental (6 chairs and laboratory)	$11,200
X ray	5,000
Physiotherapy	4,000
Clinical laboratory	450
Pharmacy	1,400
Other equipment:	
Office furniture and equipment	4,500
Waiting room equipment	900
Examining rooms (7 rooms)	945
Installation: Heating, wiring, plumbing, plastering, etc	20,770
Total cost of equipment and installation	52,135

Space necessary for above, approximately 8,464 square feet, at prevailing cost ($2.50) per square foot, $21,160.

Necessary personnel for above: Medical officer in charge, executive officer, 8 full-time physicians, 13 part-time physicians, 6 full-time dentists, 1 pharmacist, 1 X-ray technician, 1 bacteriologist, 1 dental technician, 1 telephone operator, 6 social service workers (American Red Cross), 3 nurses, 3 physiotherapy aides, 1 secretary, 6 stenographers, 4 typists, 5 clerks, 1 chauffeur, 1 orderly, 1 maid, 1 messenger. Salaries for all above personnel, $127,678 per annum.

Maintenance, general supplies, drugs, fuel, heat, light, water, etc., for above, approximately $10,000 per annum

Medical equipment in subdistrict office or dispensary, Class B.

Sections:	Cost of equipment.
General and orthopedic surgery	$500.00
Eye	770.00
Ear, nose, and throat	500.00
Urology	600.00
Internal medicine, neuropsychiatry, tuberculosis (no special expenses other than outfitting examination rooms).	
Dentistry (2 chairs and laboratory)	3,900.00
X ray	5,000.00
Laboratory (clinical and bacteriological)	450.00
Pharmacy	1,400.00
Other equipment:	
Office furniture	2,250.00
Waiting room	450.00
Examination rooms (4)	540.00
Installation: Heating, wiring, plumbing, plastering, etc	10,384.00
Total cost of equipment and installation	26,744.00

Space necessary for above, approximately 3,975 square feet, at prevailing cost ($2.50) per square foot, $9,937.50.

Medical personnel necessary for above: Medical officer in charge; 2 medical officers, full time; 7 attending specialists, part time; 2 dental officers, full time; 1 pharmacist; 1 X-ray technician; 1 bacteriologist; 2 nurses; 3 stenographers; 3 typists; 3 clerks; 1 orderly. Total annual salaries for above, $50,528.

Maintenance, general supplies, drugs, fuel, heat, light, water, etc., for above, per annum, $4,450.

Estimated expenditures for added dental facilities for fiscal year 1922.

	Operating.	Equipment.	
		Laboratory.	X-ray.
HOSPITALS.			
United States Marine Hospital—			
No. 2, Boston, Mass.	1		
No. 5, Chicago, Ill.	2		
No. 7, Detroit, Mich.	1		
No. 8, Evansville, Ind.	1		
No. 9, Fort Stanton, N. Mex.	2		
No. 13, Mobile, Ala.	1		
No. 14, New Orleans, La.	3		
No. 16, Portland, Me.	1		
No. 19, San Francisco, Calif.	2		
No. 21, Stapleton, N. Y.	2		
United States Public Health Service Hospital—			
No. 25, Houston Tex.	8	1	1
No. 27 Alexandria, La.	5	1	1
No. 29, Norfolk, Va.	3	1	
No. 32, Washington, D. C.	4	1	1
No. 35, St. Louis Mo.	6	1	1
No. 41, New Haven, Conn.	2		1
No. 42, Perryville, Md.	4	1	
No. 44, West Roxbury, Mass.	2	1	
No. 45, Biltmore, N. C.	3	1	
No. 52, Boise City, Idaho	2	1	
No. 58, Baltimore, Md.	7	1	1
No. 59, Tacoma, Wash.	2		
No. 61, Staten Island, N. Y.	9	2	1
HOSPITALS—continued.			
United States Public Health Service Hospital—Continued.			
No. 63, Lake City, Fla.	2		
No. 65, St. Paul, Minn.	4	1	1
No. 68, Minneapolis, Minn.	3	1	1
No. 69, Fort Thomas, Ky.	1	1	
Fort Logan H. Roots, Ark.	3	1	
Walla Walla, Wash.	2	1	
Fort McKenzie, Wyo.	3	1	
Gulfport, Miss.	2	1	
Colfax, La.	2	1	
Excelsior Springs, Mo.	2	1	
Dawsonsprings, Ky.	5	1	1
Hanneman, Portland, Oreg.	2	1	
To care for increase	10	4	
OUT-PATIENT CLINICS.			
Boston (new)	10	2	1
New York (new)	20	3	1
Philadelphia (increased)	6	1	1
Washington (increased)	2		1
Atlanta (new)	6	1	1
New Orleans (new)	6	1	1
Cincinnati (increased)	2	1	1
Chicago (increased)	3	1	1
St. Louis (increased)	5	1	1
Minneapolis			1
Denver			1
San Francisco			1
Los Angeles			1
Seattle			1
Dallas (new)	3	1	1
Saranac Lake (new)	1	1	1
Salt Lake City (new)	1	1	1
Albuquerque (new)	1	1	1

This makes a total of—	
180 operating equipments at a cost of	$301,440.60
42 laboratories at a cost of	23,076.90
28 X-rays at a cost of	23,230.20
42 oral surgery outfits at a cost of	11,286.66
Installing 180 operating equipments	90,000.00
Installing 42 laboratories	12,600.00
Installing 28 X-rays	14,000.00
Supplies for the present 169 operators and 180 to be added, average duty 6 months	518,000.00
Cost of present dental personnel, assuming that all will be commissioned at an early date, per annum	644,979.90
Cost of new dental personnel, assuming that the average service will be 6 months each and the average pay will be $3,000 per annum	540,000.00
Total cost of new equipment and installation, and supplies, as outlined in the above report	993,634.36
Total cost or personnel as outlined in the above report	1,184,979.90
Total cost of new equipment and installation, supplies and personnel	2,178,614.26

A committee has recommended to Congress that they pass a bill directing that a beneficiary of this bureau who has been in a hospital and stayed there six months be rated as permanently disabled.

Mr. SISSON. A committee of Congress?

Col. PATTERSON. The American Legion, I believe, is recommending that to Congress.

The CHAIRMAN. I should like to ask the statistician if he can give us the figures as to the number of men involved in this proposed ex-

penditure of $13,066,618, whether it includes any hospital attendants or whether it is just the district organization and the suboffices?

Col. PATTERSON. The sub and district offices; yes, sir.

The CHAIRMAN. If you have not the figures, please furnish them for us.

Col. PATTERSON. Those figures cover a personnel of 4,560, whose annual salaries total $5,912,736.40. I will file a detailed statement for the committee.

CONTINGENT FUND.

The CHAIRMAN. Please give us the next item.

Mr. ROUTSONG. We inserted a contingent fund of $250,000.

The CHAIRMAN. What is that for?

Mr. ROUTSONG. The Sweet bill necessitates the inspection of hospitals and equipment, and it is estimated, as a result of this inspection, that certain changes and improvements will have to be made, which we do not anticipate here. I believe that figure is very low.

The CHAIRMAN. Is that contingent fund to be used without any report to anybody about its expenditure?

Col. PATTERSON. Oh, no. We would have to account for it, of course.

Mr. ROUTSONG. If we order a change in any Army hospital we have to provide the funds from this appropriation to make that alteration.

The CHAIRMAN. Out of the $250,000?

Mr. ROUTSONG. Out of the medical and hospital service appropriation.

Col. PATTERSON. It can only be used to pay accounts.

Mr. ROUTSONG. There will always be the question of sanitation, the crowding of hospitals, the ventilation, satisfactory hospital equipment, etc., which the inspectors will report upon. We will have to be very careful about making those inspections, because we will have to pay for changes that become necessary as a result of them. We felt that we should make some provision for them.

The CHAIRMAN. How adequate is the present service to meet the needs of those entitled to hospitalization?

Col. FORBES. It is inadequate for certain diseases.

ESTIMATED AMOUNT REQUIRED FOR MEDICAL AND HOSPITAL SERVICES.

The CHAIRMAN. Some time ago you gave us the figures of the number of men in the Army and naval hospitals, the National Soldiers' Home, the Public Health Service, the number of contract hospitals, and gave us an estimate of the rate per day per man. How much will that amount to?

Mr. ROUTSONG. $46,220,571.18.

The CHAIRMAN. Repairs and alterations for army hospitals, $40,000; naval hospitals, $35,000; National Soldiers' Home hospitals, $500,000; Public Health Service hospitals, $2,000,000; dental service, $2,179,614.26; dispensaries, $2,750,000; medical personnel, $900,000; direct disbursements, transportation, $1,500,000; traveling expenses, $500,000; physical examinations, $700,000; medical and surgical (special), $725,000; orthopedic, $120,000; hospitals, contract, $125,000; burial awards, $80,000; dental service,

fees, $5,000,000, and district organizations, $13,066,618, and contingent fund to district organization, $250,000. How much does that figure up?

Mr. ROUTSONG. Did you include the contract patients?

The CHAIRMAN. Nine thousand one hundred and sixty-two patients at $3.68.

Mr. ROUTSONG. Yes, sir.

The CHAIRMAN. How much does this other figure up?

Mr. ROUTSONG. $30,471,232.26.

The CHAIRMAN. That is in addition to the $46,000,000?

Mr. ROUTSONG. Yes, sir.

The CHAIRMAN. The grand total of the two items makes $76,691,803.44.

Mr. ROUTSONG. Yes, sir.

TOTAL NUMBER OF BEDS OCCUPIED.

The CHAIRMAN. How many beds are occupied in the hospitals and how much space is not occupied, if you know?

Col. PATTERSON. How many beds are occupied at the present time?

The CHAIRMAN. Yes, sir.

Col. PATTERSON. There were 29,052 patients in the hospitals as of October 27, 1921.

The CHAIRMAN. Does that cover all the space you have available?

Col. PATTERSON. No, sir.

NUMBER OF BEDS AVAILABLE.

The CHAIRMAN. How much available space have you?

Col. PATTERSON. Seven thousand eight hundred and fifteen beds available. They are not in the places that we need them in many instances, but they are available.

The CHAIRMAN. What do you mean by they are available but not in the proper place?

Col. PATTERSON. We might need 200 beds in New England and they would be in the South somewhere; not where we want them.

The CHAIRMAN. Is there a shortage of hospital space for those who have to be treated?

Col. PATTERSON. Yes, sir; in several sections.

The CHAIRMAN. Where does that shortage exist, if you can give us the location?

Col. PATTERSON. I should like to preface that by saying that the desire is to get out of the contract hospitals as soon as possible and to but all beneficiaries in Government-controlled institutions.

Mr. KELLEY. The contract hospital is much the cheapest?

Col. PATTERSON. You do not get the service. Some of them are splendid institutions. A metropolitan hospital with which we have a contract is a splendid institution, but in many instances the contract hospitals are little better than boarding houses, and an unfit place for the adequate care of our beneficiaries.

Mr. SISSON. Those are the institutions in which the citizens must go to be treated?

Col. PATTERSON. Not altogether. You will find that a great many mushroom institutions have grown up to care for the beneficiaries of the Veteran's Bureau.

Mr. GALLIVAN. All of these contract institutions are of the kind you describe?

Col. PATTERSON. No. I have just stated that there are many excellent ones, but the majority are not places for our people.

The CHAIRMAN. I think it would be beneficial to an intelligent understanding of this hearing, instead of going on along sidelines, if you would just give us a very simple statement of the hospital facilities which we have, the number of patients we have, the locations throughout the country, where the shortage of space exists, what will have to be done to supply the space, whether anything is being done in the matter of building new hospitals and what progress has been made?

Col. PATTERSON. I might say that there has recently been appointed a Federal Board on Hospitalization, which is sitting every morning in the city here.

The CHAIRMAN. We do not care about that; all we want to know are the facts.

Col. PATTERSON. This was preliminary to what you want to know, sir. It will probably make some more accurate recommendations than we are going to cover.

The CHAIRMAN. Please just give us the facts.

Col. PATTERSON. We need a 500-bed hospital in California for tuberculosis.

SHORTAGE OF BEDS FOR CARE OF TUBERCULAR AND INSANE PATIENTS.

The CHAIRMAN. That is not what we want to know. We want to know what hospital facilities you have, whether we have enough to meet the present needs, and if we have not, where the shortage is, and then, after you get through, tell us what you are doing to supply the shortage.

Col. PATTERSON. We had on October 27, 1921, 29,052 patients in hospitals. Of that number 19,584 were in Government institutions, the remainder being in contract hospitals, which, as I have already said, we desire to get out of for very good reasons. We are short of beds for the treatment of tuberculosis in two general localities.

The CHAIRMAN. Please give us the localities.

Col. PATTERSON. California is one and the other is the metropolitan area of New York. When the hospitals now being constructed for the bureau for the treatment of tuberculosis patients or in contemplation are completed we will have enough to meet all needs.

The CHAIRMAN. What progress is being made toward their completion?

Col. PATTERSON. A number will be completed between now and next August, some of them in February, some in April, May, and June, and as late as August.

BILL FOR CONSTRUCTION OF HOSPITALS.

The CHAIRMAN. There has been suggested the introduction of a bill through some Member of either the House or Senate for the expenditure of $16,000,000 more for new hospitals. Is there any necessity for that?

Col. PATTERSON. Some of that money will be needed.

The CHAIRMAN. On these hospitals now under construction?

Col. PATTERSON. No, sir; but on the other ones which we will need.

The CHAIRMAN. I thought you had enough now?

Col. PATTERSON. I said we will have enough when these now being constructed are built, plus the hospitals for the tuberculosis patients in California and in the metropolitan area.

The CHAIRMAN. If that is the case what necessity would there be for starting the construction of new hospitals, except those two?

Col. PATTERSON. There are some other classes of cases, the neuro, psychiatric cases, men with mental disturbances. We will need 1,000 beds for the insane in the State of California.

The CHAIRMAN. Have you no facilities there now?

Col. PATTERSON. No, sir. We are using the contract hospital. They want us to get out of them. In addition to that, in order to utilize the Speedway Hospital for neuropsychiatric cases, there will have to be built a small addition to a Public Health hospital now in Chicago about 200 beds in order to provide for general cases which must be moved from that hospital.

The CHAIRMAN. The Public Health Service hospital on the lake shore?

Col. PATTERSON. There are two of them in Chicago. By enlarging one of them by 200 beds, with the other hospital they have there, they can take care of general cases and take them out of the Speedway Hospital so we can maintain that hospital for neuropsychiatric cases. We need certain general hospitals. We need one with about 500 beds in the general neighborhood of St. Louis.

Mr. WOOD. Is there not a hospital out there, the Morris Hospital?

Col. PATTERSON. Where?

Mr. WOOD. In Missouri.

Col. PATTERSON. There is a hospital at Excelsior Springs that is being constructed.

Mr. WOOD. I have heard some talk about a hospital being built by a man under contract at his home.

Col. FORBES. That is the Morse Hospital at Excelsior Springs, out in Kansas City. That is a small institution.

Col. PATTERSON. There is need again for some beds in the metropolitan area of New York. We are providing for the nervous cases there. You probably remember that one-fifth of all the men who served in the war came from New York. We are looking for another hospital for tuberculosis patients in that area, and when we have that we will still have to provide for general beds in New York City. In order to do that we have to find 600 beds. The committee that I mentioned is looking into a hospital in Brooklyn and the enlargement of the marine hospital on Staten Island at Stapleton to provide the 600 beds. That will enable us to get out of the Polyclinic Hospital, which we should hold no longer, and the Fox Hills Hospital, the lease on which expires next June; we have to get out. Those are two of the needs at the present time, subject to revision, as the result of further study by the Federal Board on Hospitalization.

The CHAIRMAN. Generally speaking, you are able to care now for all those who need hospitalization?

Col. PATTERSON. We are doing it, but by using the
pitals.

Mr. BYRNS. Under this appropriation of $18,600,000 for hospitals, are you going to take care of the new hospitals that you referred to out of this appropriation?

Col. PATTERSON. That appropriation has practically all been allocated, and in addition to that money must be made available for these other places which I have just mentioned—two tuberculosis hospitals, one large insane hospital, and an addition to another hospital in Chicago to make room there for general cases, so that we can use the Speedway.

The CHAIRMAN. You have mentioned making use of the bill introduced for $16,000,000?

Col. PATTERSON. Yes, sir.

The CHAIRMAN. Will it take $16,000,000 for those hospitals?

Col. PATTERSON. No; it will probably take 11 or 12 million dollars for hospitals, the balance for dispensaries.

The CHAIRMAN. In addition to the $18,000,000 appropriation?

Col. PATTERSON. Yes, sir.

The CHAIRMAN. If that should become a law, how long would it be before those buildings could be put into service?

Col. PATTERSON. From 10 months to a year and a half at the longest. Eighteen months would see them all running.

The CHAIRMAN. As I recall the early part of the hearings it was suggested that you had 30,000 in hospitals, and that the number expected at the peak would be 35,000. Does the necessity for these new facilities seem to be warranted by the increased number of 35,000?

Col. PATTERSON. Yes, sir; we think so. We think we will have to have this, and it will be rather bad not to be able to take care of them. As you know, our hospital requirements are going up instead of down, and we expect them to continue to do so until about the 1st of March. Then we expect the cases will begin to go down.

Mr. BYRNS. Is there any reason why these additional hospitals should not be constructed at the soldiers' homes or at other points where, as the years go by and you no longer have a need for the hospitals for these present purposes, they can be turned into barracks or something of that sort?

Col. PATTERSON. In almost every case they are trying to locate those hospitals where, if they should not be needed after a few years, they would still be an asset to the Government in some form or other, either for the Public Health Service in taking care of its beneficiaries, or, perhaps, for Army or Navy uses. In other cases, it is thought that some States would take them over. They are all being located with that end in view.

ALLOCATION OF FUNDS FOR CONSTRUCTION OF HOSPITALS.

The CHAIRMAN. The funds for the hospitals that were presumed to be constructed out of the appropriation of $18,600,000 have been allocated.

Col. PATTERSON. All but about $1,300,000.

Col. FORBES. I can give that. There are $850,000 for Fort Bayard, $600,000 for Prescott, Ariz.; $2,750,000 for the Catholic Orphanage in New York; $495,000 for Fort Walla Walla, Washington——

The CHAIRMAN (interposing). That is at an abandoned military post?

Col. FORBES. It used to be a military post.

Col. PATTERSON. I have a list of 15 projects, as follows: $60,000 for repairs, to make it habitable, for the Public Health Hospital at Alexandria, La.; that will provide no additional beds, but it simply makes the present facilities usable; $300,000 at Lake City, Fla., providing 100 additional beds for tuberculosis patients; $600,000 at Prescott, Ariz.——

Mr. SISSON (interposing). That cost at Lake City, Fla., is $3,000 per bed?

Col. PATTERSON. Yes, sir; the price varies from three to five thousand dollars, according to where you are building and the class of cases you have to take care of. At Augusta, Ga., $814,000 for 300 neuropsychiatric beds; at Fort Bayard, N. Mex., $850,000 to provide 250 additional beds for tuberculosis patients, and the remainder of the expense there is to make the place habitable, because it has not been touched since the Army turned it over; at Oteen, N. C., $748,000 to provide 200 additional beds for tuberculosis patients; at Perryville, Md., $500,000, to provide 300 additional beds for neuropsychiatric patients; at Milwaukee, Wis., for the National Soldiers Home, $1,400,000, to provide 500 additional beds for tuberculosis patients; at the National Soldiers Home, Dayton, Ohio, $750,000, to provide 250 additional beds for tuberculosis patients; at the National Soldiers Home at Marion, Ind., $100,000, providing 50 additional beds for neuropsychiatric patients, at Fort Walla Walla, Wash., $495,000, to provide 150 additional beds for tuberculosis patients; at Fort Logan H. Root, Little Rock, Ark., $250,000, to provide 300 beds for neuropsychiatric patients; at Fort McKenzie, Wyo., $102,000, to provide for 242 neuropsychiatric patients; at the sanitarium at Rutland, Mass., $740,000, to provide 300 additional beds for tuberculosis patients; and at the Roman Catholic Orphanage in New York City, $2,750,000, to purchase the property and with further expenditures to provide 1,000 beds for neuropsychiatric patients.

The CHAIRMAN. When is it likely that this work will be completed?

Col. FORBES. I have a report from the Secretary of the Treasury that has just come in.

Mr. SISSON. Are all of these Government-owned institutions now?

Col. PATTERSON. Yes, sir. Wherever we can have it so, they are on land that will not cost anything. We have a new progress report on this construction, and I will insert it in the record at this point.

(The report referred to is as follows:)

Progress report on construction.

Hospitals.	Amount allotted to each project.	Date of each allotment.	Number of beds.	Type.	Condition of plans.	Work started at site.	Completion of hospital.
United States Public Health Service—							
No. 27, Alexandria, La	$60,000	June 15, 1921	.....	Tuberculosis	Completed	June 23, 1921	November, 1921.
No. 63, Lake City, Fla	300,000	May 3, 1921	100	do	do	July 20, 1921	February, 1922.
No. 50, Prescott, Ariz	600,000	do	400	do	do	June 4, 1921	April, 1922.
No. 62, Augusta, Ga	814,000	Aug. 2, 1921	300	Neuropsychiatric	do	Ready to commence work as soon as site is acquired; now with Department of Justice. Probably 30 to 60 days.	May or June, 1922.
No. 55, Fort Bayard, N. Mex	850,000	May 28, 1921	250	Tuberculosis	do	Bids received. Contract to be awarded at once.	Do.
No. 60, Oteen, N. C	748,000	Aug. 2, 1921	200	do	95 per cent completed.	Subject to early acquisition of site	Do.
No. 42, Perryville, Md	500,000	May 28, 1921	300	Neuropsychiatric	Completed	September 19, 1921	March, 1922.
National Home for Disabled Volunteer Soldiers:							
Milwaukee, Wis	1,400,000	June 27, 1921	500	Tuberculosis	Nearly completed.	Ready in few days to advertise for bids.	April, 1922.
Dayton, Ohio	750,000	do	250	do	Completed	Now advertising for bids	Do.
Leavenworth, Kans	600,000	do	200	do	Nearly completed.	Ready in few days to advertise for bids.	Do.
Marion, Ind	100,000	do	50	Neuro-psychiatric	Practically completed.	Some construction under way	May, 1922.
Provisional hospitals:							
No. 1, Fort Walla Walla, Wash	450,000 45,000	May 28, 1921	150	Tuberculosis	Completed	Aug. 15, 1921	April, 1922.
No. 2, Fort Logan H. Roots, Little Rock, Ark.	250,000	May 3, 1921	300	Neuro-psychiatric	do	June 28, 1921	November, 1921.
Fort Mackenzie, Wyo	102,000	Aug. 17, 1921	242	do	do	Aug. 30, 1921	May or June, 1922.
Provisional Hospital No. 4, Central North East Sanatorium, Rutland, Mass.	740,000	June 27, 1921	300	Tuberculosis	do	Site vested in the Government Oct. 27, 1921; superintendent now proceeding under orders to Rutland to begin work at once.	June, 1922.
Roman Catholic orphanage, New York City.	2,750,000	Sept. 30, 1921	1,000	Neuro-psychiatric	Drawings carried to point where preliminary work at site could be commenced this week, provided acquisition of site were consummated.	.....	

Additional allotments are contemplated on certain projects after further study.

Col. FORBES. Mr. Sisson asked you if these institutions, as statement of which you have just put in the record, were all Government owned, and you said "yes."

Col. PATTERSON. I said that they are all on Government-owned land at the present time.

The CHAIRMAN. That accounts for $11,000,000. What is the other $7,600,000 to be used for?

Col. PATTERSON. Additional allotments are contemplated on certain projects and all but about $900,000 of the $18,600,000 have been allocated. They will have to use about a half a million dollars of that to place the Catholic orphanage in New York in shape; $2,750,000 was what we paid for the property outright. That tract consists of 31 acres and buildings.

The CHAIRMAN. That is owned by the Government?

Col. PATTERSON. No, sir; that is the Roman Catholic orphanage in New York. It has been bought by us now, but it will cost about $500,000 or $600,000 to put it in shape to receive neuropsychiatric patients. There is one other thing that does not appear here, and that is the hospital at Tuskegee, Ala., for 250 tuberculosis patients and 250 neuropsychiatric patients. That is for the use of Negroes, and it is the ultimate object to raise the capacity of that institution to 1,000 beds. That is exclusively for Negro veterans.

The CHAIRMAN. How much will that cost?

Col. PATTERSON. That will cost about $2,000,000.

The CHAIRMAN. So that you would overrun the $18,600,000?

Col. PATTERSON. Yes, sir. We will need to make adequate provisions for our beneficiaries. We will build that hospital slowly as we get the money, but we will have to do something. Nothing has been done for the Negroes suffering from those two classes of disability in the South.

Col. FORBES. That is, nothing has been done for them as a class.

Col. PATTERSON. They are taken care of, but they have no institution of their own at the present time.

NUMBER OF NEUROPSYCHIATRIC PATIENTS.

Mr. KELLEY. What is the total number of neuropsychiatric patients?

Col. FORBES. About 9,000.

Col. PATTERSON. The total number of neuropsychiatric patients was 8,173 on October 27, 1921.

Mr. KELLEY. Have you made any estimate of the balance that will come in?

Col. PATTERSON. Yes, sir; we believe that we will have between 9,500 and 10,000 of them as a result of the Sweet bill.

NUMBER OF TUBERCULOSIS PATIENTS.

Mr. KELLEY. How many tuberculosis patients have you?

Col. PATTERSON. There are 11,971 at the present time, and we estimate that that number will reach 13,000.

Col. FORBES. Our total expenditures this year have been approximately $450,000,000, including the expenditures for vocational training.

Mr. KELLEY. Up to last July?
Col. FORBES. Yes, sir; $450,000,000.
The CHAIRMAN. That includes everything?
Col. FORBES. Yes, sir.

UNEXPENDED BALANCE OF APPROPRIATION FOR MEDICAL AND HOSPITAL SERVICES.

The CHAIRMAN. What unexpended balance have you of the appropriation of $33,000,000?

Col. PATTERSON. In answer to a question by some one a short while ago, I will state that we have contracts with 1,524 hospitals, and we are using 854 of them. We desire to get out of them and put the patients in Government institutions.

Mr. ROUTSONG. The unexpended balance of the appropriation of $33,000,000 is $11,500,000.

HOSPITAL FACILITIES.

The CHAIRMAN. It might be a good thing for you to put in the record a statement of all the hospitals that you are using, showing where they are located, the number of patients in each, their classification, and showing the classes of patients for which they are being used.

Col. PATTERSON. I can give you this complete statement of the hospital facilities.

(The statement referred to is as follows:)

Hospital facilities by districts for United States Veterans' Bureau patients as of Oct. 27, 1921.

[Statement showing, by districts, the location, estimated beds available, both occupied and unoccupied, and treatment afforded in Government hospitals of the U. S. Public Health Service, Army, Navy, Soldiers' Homes and Interior Department; also the beds occupied by United States Veterans' Bureau beneficiaries in contract hospitals. Made and compiled by the United States Veterans' Bureau for administrative purposes only.]

District number.	Hospital designation.	Location of Government hospitals and branch of service.	Hospitalization and hospital facilities as of Oct. 27, 1921.																			
			Tuberculosis.					Neuropsychiatric.					General and surgical.					Total.				
			Beds occupied.			Government beds available.		Beds occupied.			Government beds available.		Beds occupied.			Government beds available.		Beds occupied.			Government beds available.	
			Total.	Contract.	Government.	Unoccupied.	Total.	Total.	Contract.	Government.	Unoccupied.	Total.	Total.	Contract.	Government.	Unoccupied.	Total.	Total.	Contract.	Government.	Unoccupied.	Total.
		United States Public Health Service:																				
1	2	Boston, Mass.													11	56	67			11	56	67
	36	Do.			56	3	59								297	121	418			353	124	477
	16	Portland, Me.			4		4								14	6	20			18	6	24
	22	Vineyard Haven, Mass.				4	4									7	7				11	11
	34	East Norfolk, Mass.								152	75	227								152	75	227
	44	West Roxbury, Mass.								223	6	229								223	6	229
	71	Sterling Junction, Mass.			1		1			6		6			27	19	46			34	19	53
		Navy:																				
		Chelsea, Mass.													200	339	539			200	339	539
		Portsmouth, N. H.														30	30				30	30
		Newport, R. I.													8	266	274			8	266	274
		Soldiers' Homes:																				
		Togus, Me.			1	23	24								2	136	138			3	159	162
		Unclassified		401					292					65					758			
		Total	463	401	62	30	92	673	292	381	81	462	624	65	559	980	1,539	1,760	758	1,002	1,091	2,093

Hospital facilities by districts for United States Veterans' Bureau patients as of Oct. 27, 1921—Continued.

District number.	Hospital designation.	Location of Government hospitals and branch of service.	Hospitalization and hospital facilities as of Oct. 27, 1921.																		
			Tuberculosis.					Neuropsychiatric.					General and surgical.					Total.			
			Beds occupied.			Government beds available.		Beds occupied.		Government beds available.			Beds occupied.		Government beds available.			Beds occupied.		Government beds available.	
			Total.	Contract.	Government.	Unoccupied.	Total.	Total.	Contract.	Government.	Unoccupied.	Total.	Total.	Contract.	Government.	Unoccupied.	Total.	Total.	Contract.	Government.	Unoccupied.	Total.
2.		United States Public Health Service:																				
	41	New Haven, Conn			439	47	486													439	47	486
	3	Buffalo, N. Y			1		1			4		4			14	17	31			19	17	36
	21	Stapleton, N. Y								27	4	31			5	27	32			32	31	63
	38	New York, N. Y													231	28	259			231	28	259
	61	Staten Island, N. Y			294	22	316			75	38	113			265	446	711			634	506	1,140
	70	New York, N. Y													3	1	4			3	1	4
		Navy:																				
		New York, N. Y			3		3			6		6			43	48	91			52	48	10
		Unclassified		553					935					150					1,638			
		Total	1,290	553	737	69	806	1,047	935	112	42	154	711	150	561	567	1,128	3,048	1,638	1,410	678	2,068
3.		United States Public Health Service:																				
	15	Pittsburgh, Pa													40	8	48			40	8	48
	49	Philadelphia, Pa								392	8	400								392	8	400
		Navy:																				
		League Island, Pa													105	145	250			105	145	250
		Unclassified		366					205					519					1,090			
		Total	366	366				597	205	392	8	400	664	519	145	153	298	1,627	1,090	537	161	698
4.		United States Public Health Service:																				
	42	Perryville, Md								280	137	417			1		1			281	137	418
	32	Washington, D. C			88	20	108								83	4	87			171	24	195
	29	Norfolk, Va			21	9	30								49	81	130			70	90	160
	56	Fort McHenry, Md			89	91	180			92	7	99			345	303	648			526	401	927

		Army, Walter Reed, Washington, D. C.									200	200			368	182	550			368	382	750
		Navy:																				
		Washington, D. C.								3		3			83	14	97			86	14	100
		Norfolk, Va.													9	91	100			9	91	100
		Interior Department:																				
		St. Elizabeths, Washington, D. C.								802		802								802		802
		Unclassified		57					234					72					363			
		Total	255	57	198	120	318	1,411	234	1,177	344	1,521	1,010	72	938	675	1,613	2,676	363	2,313	1,139	3,452
		United States Public Health Service:																				
5	26	Greenville, S. C.			618	114	732													618	114	732
	10	Key West, Fla.			2		2								6	17	23			8	17	25
	12	Memphis, Tenn.			3	3	6								44	13	57			47	16	63
	20	Savannah, Ga.			5	4	9								51	25	76			56	29	85
	45	Biltmore, N. C.			71		71								209	42	251			280	42	322
	48	Atlanta, Ga.			5	1	6			6	4	10			72	12	84			83	17	100
	60	Oteen, N. C.			928	160	1,088													928	160	1,088
	62	Augusta, Ga.								206	41	247								206	41	247
	63	Lake City, Fla.			20		20			4		4			96	8	104			120	8	128
		Navy:																				
		Charleston, S. C.			2		2								19	21	40			21	21	42
		Key West, Fla.													1	24	25			1	24	25
		Pensacola, Fla.													12	13	25			12	13	25
		Soldiers' Homes: Johnson City, Tenn.			867	25	892													867	25	892
		Unclassified		127					202					104					433			
		Total	2,648	127	2,521	307	2,828	418	202	216	45	261	614	104	510	175	685	3,680	433	3,247	527	3,774
		United States Public Health Service:																				
6	27	Alexandria, La.			347	71	418								169		169			516	71	587
	13	Mobile, Ala.			2		2			4		4			53	25	78			59	25	84
	14	New Orleans, La.			8	41	49								190	187	377			198	228	426
	58	....Do.								73	6	79								73	6	79
	66	Carville, La.													4	7	11			4	7	11
	74	Gulfport, Miss.								127	23	150								127	23	150
		Unclassified		14					43					151					208			
		Total	371	14	357	112	469	247	43	204	29	233	567	151	416	219	635	1,185	208	977	360	1,337

Hospital facilities by districts for United States Veterans' Bureau patients as of Oct. 27, 1921—Continued.

District number	Hospital designation	Location of Government hospitals and branch of service.	Hospitalization and hospital facilities as of Oct. 27, 1921. Tuberculosis. Beds occupied. Total.	Tuberculosis. Beds occupied. Contract.	Tuberculosis. Beds occupied. Government.	Tuberculosis. Government beds available. Unoccupied.	Tuberculosis. Government beds available. Total.	Neuropsychiatric. Beds occupied. Total.	Neuropsychiatric. Beds occupied. Contract.	Neuropsychiatric. Beds occupied. Government.	Neuropsychiatric. Government beds available. Unoccupied.	Neuropsychiatric. Government beds available. Total.	General and surgical. Beds occupied. Total.	General and surgical. Beds occupied. Contract.	General and surgical. Beds occupied. Government.	General and surgical. Government beds available. Unoccupied.	General and surgical. Government beds available. Total.	Total. Beds occupied. Total.	Total. Beds occupied. Contract.	Total. Beds occupied. Government.	Total. Government beds available. Unoccupied.	Total. Government beds available. Total.
		United States Public Health Service																				
7	8	Evansville, Ind			11	3	14			2		2			23	2	25			36	5	41
	6	Cleveland, Ohio			11		11								21	33	54			32	33	65
	11	Louisville, Ky			5		5			6		6			26	11	37			37	11	48
	69	Fort Thomas, Ky			24		24			20		20			32	71	103			76	71	147
		Soldiers' Homes.																				
		Dayton, Ohio			310		310								352	30	382			662	30	692
		Marion, Ind								600	363	963								600	363	963
		Unclassified		370					401					107					878			
		Total	731	370	361	3	364	1,029	401	628	363	991	561	107	454	147	601	2,321	878	1,443	513	1,956
		United States Public Health Service:																				
8	5	Chicago, Ill			11	13	24			2		2			5	18	23			18	31	49
	30	Do			6	4	10			5	12	17			412	26	438			423	42	465
	7	Detroit, Mich			2		2			4		4			38	3	41			44	3	47
	53	Dwight, Ill			5		5			6		6			58	154	212			69	154	223
	[1] 37	Waukesha								[1] 213		[1] 213								[1] 213		[1] 213
	73	Jackson Park, Ill								57	40	97								57	40	97
	76	Maywood, Ill			233	5	238			109	147	256			130	367	497			472	519	991
		Navy: Great Lakes, Ill													161	39	200			161	39	200
		Soldiers' homes:																				
		Danville, Ill								1		1			21	4	25			22	4	26
		Milwaukee, Wis													88	61	149			88	61	149
		Unclassified		478					631					434					1,543			
		Total	735	478	257	22	279	1,028	631	397	199	596	1,347	434	913	672	1,585	3,110	1,543	1,567	893	2,460

9		United States Public Health Service:																			
	[1] 18	St. Louis, Mo			[1] 70		[1] 70												[1] 70		[1] 70
	35	St. Louis, Mo								119	28	147			387	76	463			506	104	610
	67	Kansas City, Mo			40	1	41			4	2	6			71	4	75			115	7	122
	57	Knoxville, Iowa								173		173								173		173
	[1] 75	Colfax, Iowa			[1] 4		[1] 4			[1] 17		[1] 17			[1] 57	[1] 21	[1] 78			[1] 78	[1] 21	[1] 99
		Soldiers' home: Leavenworth, Kans.			6		6								112	102	214			118	102	220
		Unclassified		117					186					122					425			
		Total	237	117	120	1	121	499	186	313	30	343	749	122	627	203	830	1,485	425	1,060	234	1,294
10		United States Public Health Service:																			
	65	St. Paul, Minn			83	5	88			35	1	36			94	5	99			212	11	223
	68	Minneapolis, Minn			86		86			21	14	35			174		174			281	14	295
	72	Helena, Mont			42	8	50								75	8	83			117	16	133
		Soldiers' home: Hot Springs, S. Dak			24	21	45								57	28	85			81	49	130
		Unclassified		202					147					46					395			
		Total	437	202	235	34	269	203	147	56	15	71	446	46	400	41	441	1,086	395	691	90	781
11		United States Public Health Service:																			
	9	Fort Stanton, N. Mex			39		39													39		39
	55	Fort Bayard, N. Mex			1,043	45	1,088								7		7			1,050	45	1,095
		Army: Denver, Colo			587	65	652								1		1			588	65	653
		Navy: Fort Lyon, Colo			225	13	238													225	13	238
		Unclassified		36					90					154					280			
		Total	1,930	36	1,894	123	2,017	90	90				162	154	8		8	2,182	280	1,902	123	2,025
	24	Palo Alto, Calif			141	57	198			120	28	148			66	44	110			327	129	456
	50	Prescott, Ariz			670	84	754													670	84	754
		U. S. P. H. S.:																			
12	51	Tucson, Ariz			258	20	278								3		3			261	20	281
	19	San Francisco, Calif			3	3	6								55	26	81			58	29	87
	54	Arrow Head Springs, Calif			4		4			24		24			90	18	108			118	18	136
	64	Camp Kearney, Calif			216	304	520													216	304	520
		Army:																				
		Letterman General, San Francisco, Calif			6		6				200	200			42	215	257			48	415	463
		Navy:																				
		San Diego, Calif													8		8			8		8
		Soldiers Homes:																				
		Los Angeles, Calif			99	12	111			8		8			91	32	123			198	44	242
		Unclassified		262					440					82					784			
		Total	1,659	262	1,397	480	1,877	592	440	152	228	380	437	82	355	335	690	2,688	784	1,904	1,043	2,947

[1] The following U. S. P. H. S. Hospitals were reported as being used in excess of their authorized bed capacity to the extent indicated—No. 37, Waukesha, Wis. (5); No. 18, St. Louis, Mo. (8); and No. 75, Colfax, Iowa, (1).

Hospital facilities by districts for United States Veterans' Bureau patients as of Oct. 27, 1921—Continued.

District number.	Hospital designation.	Location of Government hospitals and branch of service.	Hospitalization and hospital facilities as of Oct. 27, 1921.																			
			Tuberculosis.					Neuropsychiatric.					General and surgical.					Total.				
			Beds occupied.			Government beds available.		Beds occupied.			Government beds available.		Beds occupied.			Government beds available.		Beds occupied.			Government beds available.	
			Total.	Contract.	Government.	Unoccupied.	Total.	Total.	Contract.	Government.	Unoccupied.	Total.	Total.	Contract.	Government.	Unoccupied.	Total.	Total.	Contract.	Government.	Unoccupied.	Total.
		U. S. P. H. S.:																				
13	17	Port Townsend, Wash.			1		1								38	5	43			39	5	44
	52	Boise, Idaho			41	2	43			21	9	30			76	55	131			138	66	204
	59	Tacoma, Wash.			144	2	146			103	8	111								247	10	257
		Unclassified		35					91					92					218			
		Total	221	35	186	4	190	215	91	124	17	141	206	92	114	60	174	642	218	424	81	505
		U. S. P. H. S.:																				
14	25	Houston, Tex.			193	47	230			36		36			563	157	720			782	204	986
		Fort Sam Houston, Tex.			99	101	200			9	191	200			83	117	200			191	409	600
		Hot Springs, Ark.			2		2								97	104	201			99	104	203
		Army:																				
		Beaumont General, El Paso, Tex.[2]			24	51	75			2	33	35			9	81	90			35	165	200
		Navy:																				
		Hot Springs, Ark.[3]																				
		Unclassified		274					57					21					352			
		Total	582	274	308	199	507	104	57	47	224	271	773	21	752	459	1,211	1,459	352	1,107	882	1,989
		Possessions:																				
		Philippine Islands[4]	28	28				7	7				4	4				39	39			
		Porto Rico[4]	6	6				9	9				26	26				41	41			
		Hawaiian Territory[4]	12	12				4	4				7	7				23	23			
		Total	46	46				20	20				37	37				103	103			
		Grand total	11,971	3,338	8,633	1,504	10,137	8,173	3,974	199	1,625	5,824	8,908	2,156	6,752	4,686	11,438	29,052	9,468	19,584	7,815	27,399

[2] Only one hospital. Twenty-seven of these patients also neuro-psychiatric cases.
[3] Report dated Sept. 22, 1921, used.
[4] Report dated Oct. 20, 1921, used.
- Report dated Oct. 13, 1921, used. Reports of previous week used for National Soldiers' Home, Dayton, Ohio, U. S. Naval Hospital, Fort Lyon, Colo., U. S. P. H. S. Hospitals, No. 66, Carville, La.; No. 17, Port Townsend, Wash., and for patients in unclassified contract hospitals Nos. 1, 2, 3, 5, 8, and 9.

Hospital facilities by branches of service for United States Veterans' Bureau patients as of Oct. 27, 1921.

[Statement showing, by branches of service, the location, estimated beds available, both occupied and unoccupied, and treatment afforded in Government hospitals of the United States Public Health Service, Army, Navy, Soldiers' Homes, and Interior Department. Made and compiled by the United States Veterans' Bureau for administrative purposes only.]

District No.	Location of Government hospitals.	Hospital designation.	Hospitalization and hospital facilities as of Oct. 27, 1921.											
			Tuberculosis.			Neuropsychiatric.			General and surgical.			Total.		
			Beds occupied.	Beds available.		Beds occupied.	Beds available.		Beds occupied.	Beds available.		Beds occupied.	Beds available.	
				Unoccupied.	Total.		Unoccupied.	Total.		Unoccupied.	Total.		Unoccupied.	Total.
	UNITED STATES PUBLIC HEALTH SERVICE.													
1	Boston, Mass	2							11	56	67	11	56	67
	Do	36	56	3	59				297	121	418	353	124	477
	Portland, Me	16	4		4				14	6	20	18	6	24
	Vineyard Haven, Mass	22		4	4					7	7		11	11
	East Norfolk, Mass	34				152	75	227				152	75	227
	West Roxbury, Mass	44				223	6	229				223	6	229
	Sterling Junction, Mass	71	1		1	6		6	27	19	46	34	19	53
2	New Haven, Conn	41	439	47	486							439	47	486
	Buffalo, N. Y	3	1		1	4		4	14	17	31	19	17	36
	Stapleton, N. Y	21				27	4	31	5	27	32	32	31	63
	New York, N. Y	38							231	28	259	231	28	259
	Staten Island, N. Y	61	294	22	316	75	38	113	265	446	711	634	506	1,140
	New York, N. Y	70							3	1	4	3	1	4
3	Pittsburgh, Pa	15							40	8	48	40	8	48
	Philadelphia, Pa	49				392	8	400				392	8	400
4	Perryville, Md	42				280	137	417	1		1	281	137	418
	Washington, D. C	32	88	20	108				83	4	87	171	24	195
	Norfolk, Va	29	21	9	30				49	81	130	70	90	160
	Fort McHenry, Md	56	89	91	180	92	7	99	345	303	648	526	401	927
5	Greenville, S. C	26	618	114	732							618	114	732
	Key West, Fla	10	2		2				6	17	23	8	17	25
	Memphis, Tenn	12	3	3	6				44	13	57	47	16	63
	Savannah, Ga	20	5	4	9				51	25	76	56	29	85
	Biltmore, N. C	45	71		71				209	42	251	280	42	322
	Atlanta, Ga	48	5	1	6	6	4	10	72	12	84	83	17	100
	Oteen, N. C	60	928	160	1,088							928	160	1,088
	Augusta, Ga	62				206	41	247				206	41	247
	Lake City, Fla	63	20		20	4		4	96	8	104	120	8	128

District No.	Location of Government hospitals.	Hospital designation.	Hospitalization and hospital facilities as of Oct. 27, 1921. Tuberculosis. Beds occupied.	Tuberculosis. Beds available. Unoccupied.	Tuberculosis. Beds available. Total.	Neuropsychiatric. Beds occupied.	Neuropsychiatric. Beds available. Unoccupied.	Neuropsychiatric. Beds available. Total.	General and surgical. Beds occupied.	General and surgical. Beds available. Unoccupied.	General and surgical. Beds available. Total.	Total. Beds occupied.	Total. Beds available. Unoccupied.	Total. Beds available. Total.
	UNITED STATES PUBLIC HEALTH SERVICE—con.													
6	Alexandria, La	27	347	71	418				169		169	516	71	587
	Mobile, Ala	13	2		2	4		4	53	25	78	59	25	84
	New Orleans, La	14	8	41	49				190	187	377	198	228	426
	Do	58				73	6	79				73	6	79
	Carville, La	66							4	7	11	4	7	11
	Gulfport, Miss	74				127	23	150				127	23	150
7	Evansville, Ind	8	11	3	14	2		2	23	2	25	36	5	41
	Cleveland, Ohio	6	11		11				21	33	54	32	33	65
	Louisville, Ky	11	5		5	6		6	26	11	37	37	11	48
	Fort Thomas, Ky	69	24		24	20		20	32	71	103	76	71	147
8	Chicago, Ill	5	11	13	24	2		2	5	18	23	18	31	49
	Do	30	6	4	10	5	12	17	412	26	438	423	42	465
	Detroit, Mich	7	2		2	4		4	38	3	41	44	3	47
	Dwight, Ill	53	5		5	6		6	58	154	212	69	154	223
	Waukesha, Wis	37				213		213				213		213
	Jackson Park, Ill	73				57	40	97				57	40	97
	Maywood, Ill	76	233	5	238	109	147	256	130	367	497	472	519	991
9	St. Louis, Mo	18	70		70							70		70
	Do	35				119	28	147	387	76	463	506	104	610
	Kansas City, Mo	67	40	1	41	4	2	6	71	4	75	115	7	122
	Knoxville, Iowa	57				173		173				173		173
	Colfax, Iowa	75	4		4	17		17	57	21	78	78	21	99
10	St. Paul, Minn	65	83	5	88	35	1	36	94	5	99	212	11	223
	Minneapolis, Minn	68	86		86	21	14	35	174		174	281	14	295
	Helena, Mont	72	42	8	50				75	8	83	117	16	133
11	Fort Stanton, N. Mex	9	39		39							39		39
	Fort Bayard, N. Mex	55	[2] 1,043	45	1,088				7		7	1,050	45	1,095
12	Palo Alto, Calif	24	141	57	198	120	28	148	66	44	110	327	129	456
	Prescott, Ariz	50	670	84	754							670	84	754
	Tucson, Ariz	51	258	20	278				3		3	261	20	281
	San Francisco, Calif	19	3	3	6				55	26	81	58	29	87
	Arrow Head Springs, Calif	54	4		4	24		24	90	18	108	118	18	136
	Camp Kearny, Calif	64	216	304	520							216	304	520
13	Port Townsend, Wash	17	1		1				38	5	43	39	5	44
	Boise, Idaho	52	41	2	43	21	9	30	76	55	131	138	66	204
	Tacoma, Wash	59	144	2	146	103	8	111				247	10	257
14	Houston, Tex	25	183	47	230	36		36	563	157	720	782	204	986
	Total		6,378	1,193	7,571	2,768	638	3,406	4,780	2,564	7,344	13,926	4,395	18,321

	ARMY.													
4	Washington, D. C.	Walter Reed					200	200	368	182	550	368	382	750
11	Denver, Colo.		587	65	652				1		1	588	65	653
12	San Francisco, Calif.	Letterman General	6		6		200	300	42	215	257	48	415	463
14	Fort Sam Houston, Tex.	Beaumont General	99	101	200	9	191	200	83	117	200	191	409	600
	Hot Springs, Ark.		2		2				97	104	201	99	104	203
	El Paso, Tex.		24	51	75	2	33	35	9	81	90	35	165	200
	Total		718	217	935	11	624	635	600	699	1,299	1,329	1,540	2,869
	NAVY.													
1	Chelsea, Mass.								200	339	539	200	339	539
	Portsmouth, N. H.									30	30		30	30
	Newport, R. I.								8	266	274	8	266	274
2	New York, N. Y.		3		3	6		6	43	48	91	52	48	100
3	League Island, Pa.								105	145	250	105	145	250
4	Washington, D. C.					3		3	83	14	97	86	14	100
	Norfolk, Va.								9	91	100	9	91	100
5	Charleston, S. C.		2		2				19	21	40	21	21	42
	Key West, Fla.								1	24	25	1	24	25
	Pensacola, Fla.								12	13	25	12	13	25
8	Great Lakes, Ill.								161	39	200	161	39	200
11	Fort Lyon, Colo.		225	13	238							225	13	238
12	San Diego, Calif.								8		8	8		8
14	Hot Springs, Ark.[3]													
	Total		230	13	243	9		9	649	1,030	1,679	888	1,043	1,931
	SOLDIERS' HOMES.													
1	Togus, Me.		1	23	24				2	136	138	3	159	162
5	Johnson City, Tenn.		867	25	892							867	25	892
7	Dayton, Ohio		310		310				352	30	382	662	30	692
	Marion, Ind.					600	363	963				600	363	963
8	Danville, Ill.					1		1	21	4	25	22	4	26
	Milwaukee, Wis.								88	61	149	88	61	149
9	Leavenworth, Kans.		6		6				112	102	214	118	102	220
10	Hot Springs, S. Dak.		24	21	45				57	28	85	81	49	130
12	Los Angeles, Calif.		99	12	111	8		8	91	32	123	198	44	242
	Total		1,307	81	1,388	609	363	972	723	393	1,116	2,639	837	3,476
	INTERIOR DEPARTMENT.													
	Washington, D. C.	St. Elizabeths				802		802				802		802
	Total					802		802				802		802
	Grand total		8,633	1,504	10,137	4,199	1,625	5,824	6,752	4,686	11,438	19,584	7,815	27,399

[1] The following United States Public Health Service hospitals were reported as being used in excess of their authorized bed capacity to the extent indicated: No. 37, Waukesha Wis., 5; No. 18, St. Louis, Mo., 8; No. 75, Colfax, Iowa, 1.

[2] Twenty-seven of these patients also neuropsychiatric cases. Reports of previous week used for National Soldiers' Homes, Dayton, Ohio; United States Naval Hospital, Fort Lyon, Colo., and United States Public Health Service Hospital No. 66, Carville, La.

[3] Only one hospital.

The CHAIRMAN. Have you given the unexpended balance of the appropriation of $33,000,000?

Mr. ROUTSONG. There are approximately $11,500,000 unexpended.

The CHAIRMAN. Can you give the rate of monthly expenditure? Then state just how soon you will need money and how much you will need.

Mr. GALLIVAN. How much per month?

The CHAIRMAN. Yes.

Mr. ROUTSONG. It takes approximately $6,250,000 per month.

The CHAIRMAN. That is for all activities?

Mr. ROUTSONG. Yes, sir; those that will have to be paid out of the medical and hospital service appropriation and out of this appropriation.

The CHAIRMAN. You have $11,000,000 unexpended balance?

Mr. ROUTSONG. Yes. sir.

The CHAIRMAN. You have about a two months' supply of money on hand, or substantially a two months' supply, or within $2,000,000 of it?

Mr. ROUTSONG. No, sir.

The CHAIRMAN. I understood you to say that the cost was $6,500,000 per month, and that would be $13,000,000 for two months. You say you have an unexpended balance of $11,000,000, and, according to that statement, you have within $2,000,000 of a two months' supply.

Col. FORBES. There are other obligations.

The CHAIRMAN. We are dealing only with this appropriation now. Have you any outstanding bills against this $11,000,000?

Mr. ROUTSONG. Yes, sir.

The CHAIRMAN. Do you know now much they amount to?

Mr. ROUTSONG. Because of the decentralization, and that implies the decentralization of certain disbursements, I can not give you exactly the unobligated balance.

Mr. SISSON. This is the Treasury balance and it may be obligated?

Mr. ROUTSONG. Yes, sir. I would say that we have sufficient funds to carry us through one more month.

The CHAIRMAN. Do you mean to say that disbursements are made through division headquarters without your knowledge?

Mr. ROUTSONG. Some disbursements are; yes, sir.

The CHAIRMAN. What is the character of those disbursements, and who signs the checks in those cases?

Mr. ROUTSONG. The disbursing officer, Mr. Holmes, and his deputies in each district office.

The CHAIRMAN. You have disbursing officers at each district headquarters?

Mr. BLACK. There is a deputy disbursing officer in each district office. He is a deputy to the disbursing officer in Washington. There are some purchases of trainee supplies that they are permitted to make at the district office. Under field order No. 3, they are allowed to purchase mechanical equipment up to $25 and up to $15 for other equipment, the rule being that no one purchase shall exceed that amount. Then, of course, there may be obligations for the Public Health Service.

Col. FORBES. All of the obligations for the Public Health Service are covered by allotments.

The CHAIRMAN. You have enough money under the most exacting conditions for 30 or 40 days?

Mr. ROUTSONG. I should say 30 days.

The CHAIRMAN. When you say that you would require $6,500,000 per month, you mean that that would cover every obligation that could be incurred under the most exacting circumstances?

Mr. ROUTSONG. I do not believe that I would say that, because of the fact that our bills are unduly high just at this time.

The CHAIRMAN. You do not think it ought to be that much?

Mr. ROUTSONG. I would not say that $6,500,000 would cover all of the obligations incurred in the next 30 days, because of the fact that we are now in the act of decentralizing.

The CHAIRMAN. Well, taking it over a long period——

Mr. ROUTSONG (interposing). I took it over a period of a year.

AUTHORITY TO ESTABLISH GOVERNMENT SCHOOLS AT CAMPS.

The CHAIRMAN. Col. Forbes, some time ago you stated that your bureau had authority to establish schools at Camp Sherman, Camp Grant, and at other camps that you indicated. I wish you would be kind enough to put in the record in connection with this hearing a reference to the law that gives you such authority.

Col. FORBES. I will do that.

The CHAIRMAN. We would like to have a reference to the law that gives you that authority.

Col. FORBES. I might say that the property, of course, was turned over by an Executive order.

The CHAIRMAN. We question the right to do it under any Executive order. If there is any law that authorizes you to take over one of those camps and make an expenditure of four or five million dollars for its rehabilitation, because that is what it will mean, and it will not be simply a question of $20,000; we want to know what that law is.

Col. FORBES. The vocational act provides for the establishment of schools, and there are already seven of those schools in operation, but not in cantonments.

The CHAIRMAN. We would like to have a reference to that law.

Col. FORBES. I think I can give that right here.

The CHAIRMAN. I do not think you will find it, but you can insert that in the hearings.

Sections 8 and 9 of the Veterans' Bureau bill approved August 9, 1921, are as follows:

"SEC. 8. All sums heretofore appropriated for carrying out the provisions of the war-risk insurance act and amendments thereto, and to carry out the provisions of the act entitled 'An act to provide for vocational rehabilitation and return to civil employment of disabled persons discharged from the military or naval forces of the United States, and for other purposes,' approved June 27, 1918, and amendments thereto, shall, where unexpended, be made available for the Veterans' Bureau, and may be expended in such manner as the director deems necessary in carrying out the purposes of this act, with the restrictions heretofore imposed as to number of persons that may be employed at stated salaries.

"SEC. 9. The director, subject to the general directions of the President, shall be responsible for the proper examination, medical care, treatment, hospitalization, dispensary, and convalescent care, necessary and reasonable after care, welfare of, nursing, vocational training, and such other services as may be necessary in the carrying out of the provisions of this Act, and for that purpose is hereby authorized to utilize the now existing or future facilities of the United States Public Health Service, the War Department, the Navy Department, the Interior Department, the National Homes for Disabled Volunteer Soldiers, and such other governmental facilities as may be made

available for the purposes set forth in this act; and such governmental agencies are hereby authorized and directed to furnish such facilities, including personnel, equipment, medical, surgical, and hospital services and supplies as the director may deem necessary and advisable in carrying out the provisions of this act, in addition to such governmental facilities as are hereby made available.

"In order to standardize the character of examination, medical care, treatment, hospitalization, dispensary, and convalescent care, nursing, vocational training, and such other services as may be necessary for beneficiaries under this act, the director shall maintain an inspection service, with authority to examine all facilities and services utilized in carrying out the purpose of this act, and for this purpose, with the approval of the President, may utilize such other Government or private agencies as may be deemed practicable and necessary. The head of the inspection service shall report to the director, in the manner the director may prescribe, the result of each examination of facilities and services and shall recommend to him methods of standardizing such facilities and services.

"When, in the opinion of the director, the facilities and services utilized for the hospitalization, medical care, and treatment for beneficiaries under this act are unsatisfactory, the director shall make arrangements for the further hospitalization, care, and treatment of such beneficiaries by other means.

"In the event that there is not sufficient Government hospital and other facilities for the proper medical care and treatment of beneficiaries under this act, and the director deems it necessary and adviasble to secure additional Government facilities, he may, within the limits of appropriations made for carrying out the provisions of this paragraph, and with the approval of the President, improve or extend existing governmental facilities or acquire additional facilities by purchase or otherwise. Such new property and structures as may be so improved, extended, or acquired shall become part of the permanent equipment of the Veterans' Bureau or of some one of the now existing agencies of the Government, including the War Department, Navy Department, Interior Department, Treasury Department, the National Homes for Disabled Volunteer Soldiers, in such a way as will best serve the present emergency, taking into consideration the future services to be rendered the veterans of the World War, including the beneficiaries under this act.

"In the event the Government hospital facilities and other facilities are not thur available or are not sufficient, the director may contract with State, municipal, o, private hospitals for such medical, surgical, and hospital services as may be requireds and such contracts may be made for a period of not exceeding five years and may be for the use of a ward or other hospital unit or on such other basis as may be in the best interest of the beneficiaries under this act.

"The President is hereby authorized, should he deem it necessary and advisable for the proper medical care and treatment of beneficiaries under this act, to transfer to the director the operation, management, and control of specifically designated hospitals now under the jurisdiction of the Public Health Service. Such hospitals, when transferred, shall be used exclusively for beneficiaries under this act and shall be under the operative control of the director for such period of time as the President may prescribe."

There is authority under the above-quoted sections for this bureau to accept the transfer of Camp Sherman and to use it as a training center, as it is plain that the director is empowered to use governmental facilities now under his control, and, if they be insufficient, to acquire additional governmental facilities, and if the last be insufficient he is empowered to acquire facilities by purchase or otherwise, and such new property shall become a part of the permanent equipment of the Veterans' Bureau, etc. The word "facilities" as used in the above sections is sufficient to include a camp suitable for hospital and vocational-training purposes.

3. The next question relates to the right of the director to repair and alter existing buildings at Camp Sherman in order to make them suitable for training purposes.

In the original vocational rehabilitation act of June 27, 1918, section 8, appropriations were made for the general purposes of the act, among which were mentioned "for renting and remodeling buildings and quarters, repairing, maintaining, and equipping same." Additional appropriations were made by acts of July 19, 1919, and November 4, 1919, for carrying out the purposes of the original act. The question arose as to whether or not burial expenses of deceased trainees could be paid from these supplementary appropriations. The comptroller (26 Dec., 536) held that they could not, but that such appropriations could be used for the general purposes of the act, among which were "for renting and remodeling buildings and quarters, repairing, maintaining, and equipping same."

The sundry civil bill approved March 4, 1921, made an appropriation "for an additional amount for carrying out the provisions of the act entitled 'An act to provide for the vocational rehabilitation, etc.,' approved June 27, 1918."

Under the decision of the comptroller above mentioned and section 8, act August 9, 1921, any balance of this appropriation may be used for the purpose of repairing and alteration of existing structures at Camp Sherman in order to make them suitable for vocational training.

COST OF DECENTRALIZATION.

Mr. WOOD. I am a little curious to know, and I think the public would like to know, how much this decentralization scheme will have cost the Government when it is completed.

Col. PATTERSON. You mean in starting these new district offices?

Mr. WOOD. Yes.

Col. PATTERSON. I am not prepared to answer that question because I am the medical man of the bureau and have not figured administrative costs other than medical. Col. Forbes, Mr. Wood wants to know what you think this decentralization will cost us. Do you want to know what it will cost the Government to do this decentralization?

Mr. WOOD. Yes.

Col. PATTERSON. To accomplish it?

Mr. WOOD. That is it.

Col. FORBES. We can not give you that until we know how much the freight is going to cost for shipping this material out.

Mr. WOOD. I did not know but that you had made an approximate estimate.

Col. FORBES. We have an approximate estimate on that, but it is not quite complete.

Mr. WOOD. If you can, I wish you would put that estimate in the record.

The CHAIRMAN. That does not give you the right to erect buildings.

Col. FORBES. We are not erecting any buildings there.

The CHAIRMAN. Well, I think you are.

Col. FORBES. No, sir; we have not erected a building there.

The CHAIRMAN. That is a matter that must be construed, and we will look into it.

Col. FORBES. There has not been a new building erected on the premises; we are using the community group of buildings already there.

MONDAY, NOVEMBER 14, 1921.

TREASURY DEPARTMENT.

OFFICE OF THE SECRETARY.

STATEMENT OF MR. F. F. WESTON, CHIEF DIVISION OF PRINTING AND STATIONERY.

STATIONERY, ETC.

The CHAIRMAN. You are asking a deficiency appropriation of $40,000 for stationery. Tell us what you want with it, how you arrived at it, and whether it is in addition to the appropriation that is made and placed to the credit of the Public Printer.

Mr. WESTON. This does not relate to printing, but is the appropriation for stationery supplies. That means office supplies. Stationery is really a misnomer. This does not pertain to printing at

all, but it is for all sorts of supplies used by clerks, messengers, and laborers. The appropriation for this fiscal year is $446,500. That is $229,750 less than the appropriation was last year, and it is $180.221 less than the expenditures for stationery last year. I had undertaken at the beginning of the fiscal year to try and make that sum last the year through, and I told the Director of the Bureau of the Budget, in answer to his inquiry if any economies could be made, that I would endeavor to do that. That was in July of this year, but on the 23d of August there occurred a fire in the storeroom of the Division of Printing and Stationery which caused the destruction by fire and water of about $60,000 worth of supplies. After going over the stock and clearing it up and getting it rearranged, and saving out the parts that are usable, we have settled on the sum of $40,000 as the very least amount required to carry us through. There is some doubt about that. It will require good cooperation on the part of the bureau officers in Washington to come out with that amount.

The CHAIRMAN. What is the character of supplies purchased?

Mr. WESTON. As I say, they comprise a full complement of office supplies used by the employees, from the Secretary down. All of the articles you find on your desk here that are in any way connected with clerical work are stationery supplies.

The CHAIRMAN. You think that $40,000 will be as little as you can get along with?

Mr. WESTON. I am sure that amount will be needed, in view of all the circumstances.

Mr. SISSON. That is $20,000 less than you would have used?

Mr. WESTON. It is $20,000 less than we would have had but for the fire.

The CHAIRMAN. How much stock did you have on hand at the beginning of the fiscal year?

Mr. WESTON. About $160,000 worth, or in that neighborhood.

The CHAIRMAN. That would be added——

Mr. WESTON (interposing). All of it was not in that building. There is storage in two other buildings not affected by the fire. The expenditures for stationery for the first four months of this fiscal year totaled $314,719.23. At that ratio, this amount would not carry us through the year, but we buy supplies at the beginning of the year with the expectation that a good many of them will last the year through. In other words, when we order some supplies, we buy a year's stock.

The CHAIRMAN. What was the character of the material or supplies destroyed?

Mr. WESTON. A great deal of it was paper. There was one carload of blotting paper that had just arrived, that was entirely destroyed by water. It did not burn much. It was put up in bundles and turned moldy instead of drying out. One other principal loss was in twine which was right in the path of the fire. The twine was in bulk, in barrels and boxes.

The CHAIRMAN. Is twine an article that is used up rapidly?

Mr. WESTON. Yes, sir; they use a great deal of twine throughout the department. There were lesser losses on a great number of articles, rubber bands particularly. While these did not actually burn and the water did not affect them, the heat was so great that they were good for nothing. They would break right in two.

MONDAY, NOVEMBER 14, 1921.

MINTS AND ASSAY OFFICES.

STATEMENT OF MR. RAYMOND T. BAKER, DIRECTOR OF THE MINT.

NEW YORK ASSAY OFFICE—WAGES OF WORKMEN AND OTHER EMPLOYEES.

The CHAIRMAN. The item in which you are interested is on page 81: "New York assay office: For wages of workmen and other employees, $25,000." Why do we have that come before us?

Mr. BAKER. Gentlemen, at the time the estimates were prepared in 1920 for the fiscal year 1922 it was not anticipated that certain functions of the New York Subtreasury would be transferred to the assay office upon the closing of the subtreasury. We did not anticipate that the influx of gold would continue. That influx of gold has increased and a great many deposits were received during the fiscal year at the New York assay office. I was before the committee at the time the budget was made up and was very happy to announce that I could probably cut my estimate from $170,000 to $145,000. The New York assay office has increased its volume of business and the number of deposits. This has caused an enormous amount of work necessary not only in receiving this bullion, but weighing, melting, and assaying it, in order that the depositors may not lose interest on their money, and that has necessitated working overtime, at nights, in the assay office. This has all been accomplished with an increase of only 21 additional men in our force.

Mr. BYRNS. Has any of the work of the subtreasury been turned over to you?

Mr. BAKER. Yes, sir. We have taken over payments of the checks and we handle payments in currency, as they did at the subtreasury.

Mr. BYRNS. Does that necessitate an increased force?

Mr. BAKER. Yes, sir.

Mr. BYRNS. To what extent?

Mr. BAKER. I think we have probably three or four men.

Mr. WOOD. They have taken the place of how many men who had the same duties in the substreasury?

Mr. BAKER. I can not answer that question, Mr. Wood. Most of the men who were in the subtreasuries we have tried to find places for in other branches of the Government service. We took the men who were absolutely necessary in the work that we were to pursue in the New York assay office. I am adjusting the work in the assay office, having in view saving as much as possible. I closed the refinery down so that the men in the refinery could be utilized in the other departments whereby we could save that additional cost to the Government. It is only to-day that I have reopened the refinery.

The CHAIRMAN. Outside of the assay office, the duties performed by the subtreasury were transferred, when the subtreasuries were abolished, to the Federal reserve banks?

Mr. BAKER. Most of them were, but we pay out in the New York assay office certificates. For instance, a man will come in for $3,000,000, and we will pay him in cash right there.

Mr. SISSON. That saves one transaction?

Mr. BAKER. One transaction in the handling. We pay our own depositors right there, whereas heretofore a check used to be issued and that check would be cashed at the subtreasury.

The CHAIRMAN. It costs less to pay them than to issue the check?

Mr. BAKER. Yes, sir; and it is less work.

The CHAIRMAN. As a matter of fact, you prepared the checks before and the payments now—there ought to be economy exercised instead of more expense?

Mr. BAKER. That is true, but the majority of this expense is not on account of the subtreasury work.

The CHAIRMAN. On account of the large influx of gold you require so many more men and laborers?

Mr. BAKER. Yes, sir. I came before the committee and asked for a decrease in our appropriation because I thought at that time this influx of gold was not going to keep up, but it not only has kept up but has increased.

The CHAIRMAN. What is the unexpended balance of the $145,200?

Mr. BAKER. I have not that figure at hand, but I can supply it.

The CHAIRMAN. Please put it in the record.

NOTE.—The balance at the close of November will be approximately $70,000.

Mr. BAKER. Yes, sir. I have had to get permission from the Secretary of the Treasury to exceed my apportionment in order to keep up with my work. The assay office made an estimate for $48,000 but $25,000 will be sufficient.

Mr. BYRNS. You propose to do this extra work with the same appropriation which you had last year?

Mr. BAKER. Yes, sir.

TUESDAY, NOVEMBER 15, 1921.

INTERNAL REVENUE.

STATEMENTS OF MR. D. H. BLAIR, COMMISSIONER OF INTERNAL REVENUE, MR. M. F. WEST, DEPUTY COMMISSIONER, AND MR. E. W. CHATTERTON, ASSISTANT DEPUTY COMMISSIONER OF THE INCOME TAX UNIT.

EXPENSES OF ASSESSING AND COLLECTING INTERNAL-REVENUE TAXES, ETC.

The CHAIRMAN. For expenses of assessing and collecting the internal-revenue taxes, etc., you are asking a deficiency appropriation of $2,630,000. For 1922 you had an appropriation of $29,600,000 for this purpose. I wish you would tell us why you need more money and what you have done with the money you have had.

COLLECTION OF BACK TAXES.

Mr. BLAIR. Our present organization under the appropriation "Collecting the war revenue," is on a basis of $29,600,000, the amount appropriated. We have been using what money we have, but the work is greatly in arrears and there is a great deal of taxes going to waste, so to speak, and we need additional money to collect them and to bring work current.

The CHAIRMAN. Back taxes?

Mr. BLAIR. Yes, sir.

The CHAIRMAN. How much per month are you collecting on that?

Mr. WEST. We are assessing at the present time approximately $25,000,000 a month.

The CHAIRMAN. What are you collecting?

Mr. WEST. These assessments are practically all collected. They are put on the assessment list only after full investigation of the revenue agents' reports and after conferences with the taxpayers.

The CHAIRMAN. When you were before the committee some time ago and got $8,000,000, it was said that you were going to be able to collect $35,000,000 a month by the use of this $8,000,000. How far have you succeeded in keeping your promise?

Mr. WEST. I think I can answer that in this way. Due to the activities of the field investigations on income-tax work, there was recommended for assessment during the fiscal year 1921, $473,500,000 in round numbers.

The CHAIRMAN. That is, back taxes?

Mr. WEST. Altogether back taxes, taxes that ordinarily would not have been assessed had it not been for the activities of this field force of approximately 2,000 men. That is $36,900,000 approximately in excess of what was recommended for assessment in the 1920 fiscal year. Four hundred and seventy-three million dollars was the total amount recommended for assessment by this field force. All of this was not assessed.

The CHAIRMAN. How much of their recommendations were approved?

Mr. WEST. As a result of the audit of these returns and reports additional taxes amounting to $357,000,000, approximately, was assessed, and of this amount $113,613,000 was the result of the bureau audit here in Washington, leaving $244,000,000 approximately, as a result of the work in the field.

The CHAIRMAN. So that the result of the appropriation of $8,000,000 was $244,000,000.

Mr. ANTHONY. Assessed only.

The CHAIRMAN. But they say they collect all the assessments.

Mr. WEST. I just stated that practically all of that is collected. It is only assessed after an adjustment has been made, after the taxpayer and the bureau auditors here in Washington have gone over the revenue agents' reports from the field. There are some losses on account of insolvency and occasional readjustments on account of after-discovered facts.

The CHAIRMAN. And this is in addition to the amount set out in the original schedules by the parties against whom this new assessment is levied.

Mr. WEST. That is correct; yes, sir. In other words, we have 2,036 internal revenue agents and inspectors, and 35 agents in charge of divisions, in charge of this investigating work, dealing altogether with income tax, and the figures show on the basis of the amount spent for their salaries and traveling expenses and miscellaneous items, approximately $6,500,000, which is $38 return for every dollar of expense.

The CHAIRMAN. Then the cost was a little less than 3 per cent.

Mr. BLAIR. Yes.

PERCENTAGE OF COST FOR COLLECTIONS, ETC.

The CHAIRMAN. What is the average percentage cost?

Mr. WEST. The average percentage cost last year for all collections, including the amount we expended for enforcement of regulatory laws, such as the narcotic and prohibition laws, 87 cents for every $100 collected.

The CHAIRMAN. That is eighty-seven one-hundredths of 1 per cent.

Mr. WEST. Yes; or in other words, if you take out the expense for enforcing regulatory laws, the cost would be 72 cents for each $100.

The CHAIRMAN. Does that include this 3 per cent?

Mr. WEST. Yes; that is included. Now, if you figure on the total amount we collected last year, which was $3,228,000,000 in round numbers, from income-tax sources alone, and figure out what we spent for income-tax work—and we can only do that roughly on account of so many of the officers having dual duties—we get practically $134 for every $1 we spend.

The CHAIRMAN. That is, including the regulatory work and all?

Mr. WEST. No; that is just including the income-tax work. We collected $3,228,000,000 for the fiscal year ended June 30, 1921, and we spent for the income-tax work, as well as we can segregate that part of it, about $24,000,000 or less than 1 per cent.

Mr. SISSON. That is a pretty cheap collection, is it not?

Mr. BLAIR. Yes; we think it is.

Mr. SISSON. I think this income tax is about the cheapest tax we collect.

Mr. BLAIR. I think that is true.

Mr. SISSON. And, as a matter of fact, I think after you shall have gotten the people thoroughly familiar with the law and have punished a few of these tax dodgers, you will not have any trouble collecting this tax.

Mr. BLAIR. Unquestionably, that helps a great deal. We have some cases now which I think will be very beneficial to the department.

Mr. WEST. There is another angle to that end of it, and that is the delinquent taxpayer. I mean the man who does not make any return at all. The supervisor of the collector's office who has charge of the collector's forces has advised that the average collection from delinquents each year by each field deputy approximates $15,000, and with an addition of 300 field deputies, which still would not bring the force up to what it was early last spring when we had to reduce it to keep within the appropriation, and after deducting the time for training, should result in bringing into the Treasury approximately $4,000,000 per annum in delinquent taxes that otherwise would not be collected; or, for every dollar spent for such additional force over $6 would be returned to the Government, to say nothing of the moral effect upon the taxpayers. Mind you, this is the man who does not make any return at all. We have special drives during the year on this class of delinquents. The total of delinquent and additional taxes collected and reported for assessment by deputy collectors during the fiscal year was $38,352,612. It may be well to state here that in less than 10 years the number of taxpayers filing returns with

collectors who are our collecting agents, and there are 64 of them, has increased from approximately 600,000 to over 9,000,000 annually. That just shows the volume of increase that we have to contend with.

The CHAIRMAN. Of course, the first income-tax law did not require so many people to pay taxes. You want to remember that.

Mr. WEST. I do.

The CHAIRMAN. That increase, of course, was due to the fact that more of them came within the scope of the law and was not because you had agents in the field.

Mr. SISSON. But Mr. West is endeavoring to show the volume of business they had to attend to.

Mr. WEST. That is all. Considering the monthly returns of sales tax payers and quarterly payment of income taxes (and many take advantage of that provision in the law) approximately 15,000,000 separate transactions with collectors occur each year. This is just to show the volume of the work now.

Mr. KELLEY. Is any considerable part of this $357,000,000 of back taxes which you have assessed due to change in regulations in the department?

Mr. WEST. I believe most of it is due to misinterpretation of regulations and taking advantage of depreciation and amortization and interpreting in their favor rather than in favor of the Government.

Mr. KELLEY. Has the department itself changed its interpretation of the regulations to any great extent which would account for any considerable part of that sum?

Mr. WEST. Not so as to vitally affect this amount. I think I could answer that in this way. Most of these additional assessments relate to 1917 and 1918. In other words, the office is not yet through with the 1917 audit; that is, the returns filed for the calendar year 1917.

Mr. KELLEY. Occasionally a complaint comes in that successive auditors following your regulations arrive at widely different conclusions; how could that arise?

Mr. WEST. I do not see how it could arise where the difference is great. I can see easily how it could arise where it is a minor difference.

The CHAIRMAN. They have made new interpretations of the regulations. They have decided that one state of facts will result in a certain conclusion at one time and a totally different state of facts will be required to bring about that same conclusion at some other time; have they not?

Mr. WEST. I did not think there was much of that.

Mr. SISSON. I think most of that is due to the people who are not in favor of the income tax law. When I am not in favor of a law I can find a world of criticism of it, but if I approach it with a fair mind and if I am in favor of the law, I find that I then interpret everything in favor of the law. It is largely a question of the point of view. This is a fact, however, that some of the first returns we had to make out were so complicated that if I had not had an expert to help me out I expect I would have been in the penitentiary.

COMPLICATED INCOME TAX LAW.

Mr. ANTHONY. Out in my country the criticism is not against the income tax law, but is due to the fact that the law is so complicated. Has the department done anything to simplify the forms that they send out?

Mr. BLAIR. You can not very well do that because the forms are made absolutely to fit the law section by section.

Mr. ANTHONY. Under the law the Treasury Department has the absolute power to formulate the regulations under which the taxes shall be collected.

Mr. BLAIR. Yes.

Mr. ANTHONY. And the general complaint over the country is that they are so very complicated that people do not understand them. Is anything being done to simplify them?

Mr. BLAIR. We are trying to simplify them all the time and we are doing something, but they never can be made simple. As long as business is complex the law must be complex, and as long as the law is complex the forms must be complex.

Mr. ANTHONY. In my opinion, here is the way in which a lot of this money is wasted, for instance, in going over these old returns a taxpayer will be notified that $2 or $3 is due the Government on a payment of several thousand dollars, and a couple of inspectors will come around and call on that taxpayer and spend a day or two going over his return, and the net result of it will be the payment of probably two or three dollars to the Government.

Mr. SISSON. I do not think it is a question of collecting the two or three dollars, but the fact that you do that with one man and carefully check him up makes hundreds of other men more careful about their returns.

VALUATION ENGINEERS, ADDITIONAL FIELD AND BUREAU FORCE.

The CHAIRMAN. What we are anxious to know about now is what you want with this money.

Mr. BLAIR. As Mr. West stated, 40 per cent of the 1917 corporation returns are yet unaudited. Of course, it is from the corporations we get the biggest taxes. There are vast amounts no doubt due to the Government in additional taxes on those returns. There is a much larger percentage for 1918, 1919, and with the 1920 not touched. We want to catch up with that work and in order to do it we need 75 valuation engineers and additional field and bureau force.

The CHAIRMAN. How much of the 1918 and 1919 audits have you completed?

Mr. WEST. I have a rather illuminating statement here just along that line.

Mr. BLAIR. I think that statement really puts the whole thing more concisely than we can give it to you.

The CHAIRMAN. If it is not too long, suppose you read the statement.

Mr. West. It is not very long. This statement was submitted to me by the income tax unit when we were considering the estimates for 1923:

A careful survey of the various audit sections of the unit in Washington leads to the belief that work may be brought current by the present force with the exception of the consolidated returns subdivision.

That is where most of the tax is secured—from the returns of the consolidated corporations.

The CHAIRMAN. Explain just what that means.

Mr. WEST. Under section 240 of the revenue act of 1918 corporations which are affiliated within the meaning of this section may file a consolidated return including all of them, and it is that class of return that is rather prolific in revenue when the returns are examined.

The CHAIRMAN. Corporations like the United States Steel Corporation would come under that head.

Mr. WEST. Yes; all the large corporations with a large number of subsidiaries. The report for the income tax unit continues as follows:

At the present time only about 60 per cent of the 1917 consolidated returns have been audited and the present personnel is sufficient only to complete the remaining 1917 returns during the present fiscal year. In order to handle the 1918 consolidated returns, of which there are 9,000, in the current fiscal year, 600 additional resident auditors are required for the full year beginning July 1, 1921, estimating their production at the normal rate now attained by experienced auditors.

The CHAIRMAN. That would give one man 15 cases a year.

Mr. WEST. Yes; that is correct.

Mr. BLAIR. I saw one consolidated return that had 22 volumes, many of them as thick as that book [indicating], showing the immensity of the proposition. It cost $50,000 to prepare those returns.

If substantial progress is to be made on the audit of the 1918 returns during the current fiscal year, it is important that the 600 additional resident auditors for this work be authorized; furthermore, that as large a number of them as is possible be recruited and employed at once. The plan is to recruit these auditors at a minimum rate of 100 per month or as rapidly as auditors capable of performing this grade of work can be secured. At the minimum rate above mentioned, the net effective strength of the additional force would be equivalent to 400 additional resident auditors for the entire year, which additional force, I estimate could at the best complete a little more than one-half of the 1918 returns during the year. This class of cases calls for the highest technical skill and the features involved are often unusual and generally intricate and the taxable amounts are generally quite large. It is essential that the auditors engaged on this class of work be of the highest type and thoroughly trained to the end that the interests of the Government and of the taxpayer alike may be efficiently served and that each case may be satisfactorily and completely closed.

I have estimated for 75 additional engineers. Of this number 40 are needed in the Natural Resources Subdivision, 30 on the valuation of oil and gas properties and 10 on coal, timber, and metals. The work of these men is, as you know, of extreme importance in securing the retaining men capable of doing this class of work in sufficient numbers to make any substantial progress in determining the original valuations

The CHAIRMAN. What do these engineers do—go out and make a physical examination of the property?

Mr. WEST. Yes, sir. As I understand from the income tax unit that is the real problem, to get the value of the property.

Mr. KELLEY. You are speaking now of mining property?

Mr. WEST. All kinds of property, such as mining, oil, gas, and lumber, and these valuation and appraisal engineers are used for that work. They do not determine the final outcome, as I understand it, of the examination of the returns.

The remaining 35 additional engineers are needed for appraisal purposes in the amortization section. At the present time there are more than 1,500 cases on hand in that section, and as the average time consumed in closing a case of this character is approximately two months, the additional force requested represents the minimum possible toward making any progress in the disposition of these cases. It is planned to recruit the 75 additional engineers at the rate of 25 per month.

A survey of the clerical or administrative sections of the unit reveals a number requiring additional clerks. It is false economy to save on clerks at the expense of high-priced technical employees. While no definite figures can be submitted showing the economy involved in the utilization, wherever possible, of low-priced clerks in performing routine or semitechnical duties, yet it is apparent that whenever such employees can be utilized and thus permit the high-grade auditors to confine their efforts to work of the proper class, a distinct saving, even though intangible, results. The 600 additional auditors for the consolidated returns subdivision will necessitate 120 additional clerks to perform various routine operations in the preparing and assembling for audit of the returns. One hundred and twenty-five additional clerks will be necessary in the returns control section for duty in the assembling of claims and forwarding cases to the audit sections for audit. Lack of space and personnel at present retards the adjudication of these claims, as the returns control section could properly be characterized as the neck of the bottle in the progress of these claims to settlement. One hundred and thirty additional stenographers and typists are needed in the stenographic section to keep the work there current and to meet the additional work resulting from the increase in production occasioned by the additional force and by the increase in production occasioned by the higher efficiency acquired by the auditing force. The stenographic section at present is behind in its work and this condition affects vitally the entire production of the unit. Eighty additional clerks will be required in the sorting section to handle the additional volume of work. There has been a material increase, estimated at 25 per cent, in returns of information returns filed. These returns must be sorted back to the individual to whom the money was paid and serve not only as a positive check upon the taxable income reported in his return, but also as a moral effect of the first magnitude upon the taxpayer. Figures show that the amount of unreported tax discovered by the system of handling returns of information exceeds many times the pay roll of this section. In addition to the work on returns of information the sorting section audits withholding returns and has also recently taken over the audit of withholding claims. One hundred additional clerks will be required in the statistical division to bring its work current and enable it to take off all required statistics from the returns before they reach the files. This is a very important administrative measure and will result in a great saving of time in the audit sections as the withdrawal from the files of returns by the statistical division for analytical purposes necessarily interferes with the audit program. In addition to the above 30 clerks will be required in the field audit control section, 8 in the natural resources subdivision, and 7 in the amortization section, to take care of the additional work caused by the increase in the techincal personnel. It is the plan to recruit the additional clerical personnel at the rate of 200 per month for three months.

In the field service at the present date there are on hand uncompleted investigations covering approximately 400,000 tax years which represents about two year's work for the present personnel.

The CHAIRMAN. That is, 400,000 cases?

Mr. WEST. Yes. It may be that one case may cover four or five years.

The average production per year is at the rate of 100 tax years per audit, an increase of 33 per cent over the 75 of the previous year. To complete the work now in the field, if no more were/to be sent out, would necessitate 2,000 additional auditors producing at the normal rate beginning July 1, 1921. The estimate submitted is for 1,200 auditors, to be recruited at the rate of 100 per month, together with approximately 50 per month to replace auditors leaving the service. Past experience has demonstrated the impracticability of recruiting the field force at a rate in excess of 150 per month. The estimate of 240 clerks is based upon the present proportion of clerks to auditors of 1 to 5 in the field and will be recruited on that basis at the rate of 20 per month for 12 months. While, as in consolidated returns, the addition of these employees will not result in an immediate currency of the work, it will enable the unit to keep abreast of the stream and make some substantial progress toward currency.

The estimates for increased field travel and supply expenditures are based upon the increase in personnel and the added cost of training field employees in Washington before sending them to their respective divisions for duty.

The necessity of securing additional appropriation to take care of the items as outlined above can be most forcibly realized when it is understood that the additional employees and administrative measures thus provided for should result in an increase of at least 50 per cent over the amount of additional tax that would otherwise be

assessed. I have confined my requests for additional employees to the consolidated returns and natural resources subdivisions, the Amortization Section and the field service. These branches of the service have proven to be the most prolific revenue producing sources. The consolidated returns subdivision has for the past year assessed on an average of $20,136 a case. It is believed that in the 1918 returns, of which there are at least 9,000, additional tax to the amount of $200,000,000 will be disclosed. Unless we are supplied with an additional personnel it will be impossible to touch this revenue within the coming fiscal year. The average additional tax in the Amertization Section is $20,315 per case. There are approximately 1,500 cases to be handled, half of which the present personnel will not be able to complete during the present fiscal year. In the field service the average additional tax assessed per case is $1,144. The 400,000 tax years for investigation now in the field represent, on the basis of the average tax assessed per case, $457,600,000 in revenue due the Government. Of this amount the present personnel will be able to assess approximately half.

Under the recruiting plan for additional field auditors an average of 650 auditors would be on duty during the year which would, on a basis of the past rate of tax assessed per case, result in an assessment of additional tax of $74,362,000. This latter amount, of course, is over and above the amount of revenue to be secured by the present force. In both the local and field services the net result in revenue to the Government through the assessment of additional tax, which would otherwise not be disclosed this year, if the necessary additional appropriation is granted, would be approximately $200,000,000.

The amount of money involved in the above expenditures, approximately $6,000,000, I believe to be necessary to the proper conduct of the income-tax unit for the present fiscal year. I am sure its expenditure will result in a manifold return on each dollar.

The CHAIRMAN. You estimate that you will disclose this year $200,000,000?

Mr. WEST. Yes, sir. On the basis of the report of the income tax unit, $200,000,000 additional tax would be collected in a 12-month period if the additional force is provided. The present force will bring in this fiscal year as additional income tax approximately $230,000,000.

The CHAIRMAN. Altogether, as I listened to your reading of the figures, you will have $750,000,000?

Mr. WEST. $457,000,000 represents the estimated additional tax to be secured from the 400,000 tax year cases now in the field for investigation. Of this amount the present personnel can recommend for assessment only about one-half.

The CHAIRMAN. Plus $200,000,000?

Mr. WEST. $457,000,000 would represent the total.

The CHAIRMAN. It is $457,000,000 plus $77,000,000?

Mr. WEST. It will take double the present force to collect and assess the $457,000,000 in a 12-month period. The service average shows that there would be assessed and collected in a 12-month period about $74,000,000 due to the work of 650 income tax field auditors.

The CHAIRMAN. Which is $544,000,000.

Mr. WEST. The above is the argument put up by the income tax unit for the increase of their field organization.

STATUTE OF LIMITATIONS AGAINST 1917 CASES.

The CHAIRMAN. Is the statute of limitations running against these cases?

Mr. WEST. The statute of limitations has run against the 1917 cases.

The CHAIRMAN. What do you do when you make an assessment in a case of that kind?

Mr. WEST. We can not make the assessment unless we get a waiver from the taxpayer.

Mr. BLAIR. In most of the cases we have waivers.

The CHAIRMAN. Could you not sue for the taxes without a waiver?

Mr. WEST. You can always sue for the taxes.

The CHAIRMAN. There is no limitation upon the right of recovery by suit?

Mr. WEST. No, sir.

The CHAIRMAN. They do not want suits brought against them.

Mr. BLAIR. And we do not want to sue.

ADDITIONAL COLLECTIONS THROUGH INCREASE OF FORCE.

(See p. 460.)

The CHAIRMAN. You are asking for $2,630,000, and if you are allowed this $2,630,000, you anticipate receiving $200,000,000 in taxes?

Mr. WEST. Not on the basis of the actual $2,630,000 but on the recruitment plan of taking on 100 field auditors per month and 50 bureau auditors per month for a 12-month period.

The CHAIRMAN. Does that $200,000,000 include the $25,000,000 per month you were going to collect?

Mr. WEST. This is in addition to that. This represents an additional force to the 2,036 agents we have in the field now.

Mr. BYRNS. Do I understand that this $2,630,000 would be used in order to employ an additional force on the 1917 and 1918 taxes?

Mr. WEST. Not specifically, but this is to carry on all the investigations. For instance, we may take up a 1917 case and carry it on down to the 1920 tax valuation.

Mr. BYRNS. When they take it up, they go on through with it?

Mr. WEST. Not invariably, but they try to do it.

Mr. BYRNS. One of the most serious criticisms I have heard is in regard to the delay in making these assessments. Of course, the business man does not want to be held up for three or four years without knowing what his taxes are. That makes it doubly important, not only from the standpoint of the United States Government, which needs the revenues, but also from the standpoint of the business man who is interested in having his case disposed of. Is it to be understood that if this estimate is allowed it will enable you to close up the work for all those years?

Mr. CHATTERTON. We investigate 100 tax years per man per annum. We had 2,036 men on September 30, not including 35 agents in charge of divisions.

Mr. KELLEY. This would provide for how many more?

Mr. WEST. Eight hundred are asked for in this estimate, but I doubt very much whether they could take 800 on now, because that was figured from November 1, with a recruitment of 100 per month. It is up to the income tax organization to determine whether they can assimilate that many. It would be a little in excess of 100 per month if they did.

The CHAIRMAN. Does this $200,000,000 represent the annual rate at which you expect to collect?

Mr. WEST. That is the annual rate, as the memorandum from the Income Tax Unit shows.

The CHAIRMAN. That would be added to the $25,000,000 per month that you have already collected?

Mr. WEST. Yes, sir. You could not get $200,000,000 this year with 800 men if you put them on now, because it will take 45 days of training to get them ready and into harness. This is figured on the basis of 12 months.

Mr. BLAIR. If we could begin with this work now, or begin with the recruitment at once, we would be in fine shape to begin to clean up this back work.

Mr. WEST. If the Income Tax Unit, according to their request, can not add to their force, or commence to add to their force now, the estimates for 1923, which is an increase over the present year, will not be of as much avail to them as it ordinarily would be, because they would start on July 1, and it would take them six months or more to get the force up to what they estimate.

The CHAIRMAN. The men must be trained?

Mr. WEST. Yes, sir

APPLICATION OF EXISTING APPROPRIATION.

The CHAIRMAN. How much of the $29,600,000 that was given to you in the annual appropriation for 1922 is being expended on back tax questions and how much on current work?

Mr. WEST. I think I can answer that in this way: The men are under the 35 agents in charge of divisions—and in order that you may understand that, it might be well to say that the country is divided into 35 divisions, and we have a man in charge of each one, each district taking in one or two collection districts. They have 2,036 agents and inspectors under them. The per annum rate of salary for 31 agents in charge, with four vacancies, is $135,900, and of the 2,036 agents and inspectors the salary rate is $5,428,790. The travel expense for that force is $807,000. For the salary and travel of the valuation engineers the rate is $11,300 for two. Then the bureau force paid from the war-revenue appropriation for the income-tax unit consists of 5,036 employees, or that was the number on September 30, 1921, at a per annum rate of salary of $8,712,610. Then, for miscellaneous expenses, for rent, telephone service, equipment, stationery, printing and binding the rate is approximately $1,000,000. Those figures will give you the approximate amount spent for the entire income tax service, exclusive of the collector's organizations. The collectors' organizations are hard to determine, because the force there works on all kinds of taxes. Deputy collectors work on tobacco, oleomargarine, and sales taxes, etc., in addition to income-tax work. The total is slightly in excess of $16,000,000.

FUTURE APPROPRIATION REQUIREMENTS.

The CHAIRMAN. You are asking for $2,630,000, and I want to know what would be your annual rate of expenditure under the proposed appropriation? Would that be continued as an annual expenditure if you got it, or does this commit us to an annual appropriation on that basis?

Mr. WEST. I can say that we are submitting estimates for approximately $8,000,000 more for 1923, and, naturally, if this is allowed it would be charged against that, and, if it is not, we will be in excess of the per annum rate.

Mr. KELLEY. Under the new tax law as it will probably come through, the auditing will be very much simplified, will it not, in so far as finding the value of property is concerned?

Mr. WEST. There are certain administrative provisions in that law that will help considerably. It will help considerably in making determinations of the tax due.

Mr. KELLEY. What I was speaking of was the future. The chairman wanted to know whether this was to be the annual basis.

Mr. WEST. Our problem is to get current with the work. In other words, it is to get the 1917, 1918, 1919, and 1920 work cleaned up. If that is once done, I think it is safe to say that that force will not be anything like it is now.

Mr. KELLEY. I think that is what the chairman had in mind.

Mr. BLAIR. Our idea is to continue this force through 1923, and in the 1923 estimates which have been submitted we provide for that. In other words, we have based the 1923 estimates on the continuation of this force through that year.

The CHAIRMAN. That would bring your appropriation for 1923 to $37,000,000.

Mr. WEST. $38,000,000 is the estimate submitted to Gen. Dawes and the Secretary. This deficiency estimate will not make an annual basis of $38,000,000.

Mr. BYRNS. Do you expect to clean up the back work during 1923?

Mr. CHATTERTON. That is what we hope to do. We are already pretty nearly up on the individual cases.

The CHAIRMAN. How about the individual cases, or how soon will you be current on them?

Mr. CHATTERTON. We are working on this year's cases right now, and we expect to finish them by the 15th of June next. On the 15th of June we expect to take up for audit the 1922 returns that were filed up to the 15th of March.

The CHAIRMAN. As a matter of fact, you have only about 9,000 consolidated section cases?

Mr. CHATTERTON. My statement deals only with individual cases.

The CHAIRMAN. You have 9,000 consolidated section cases in which are included corporations with subsidiaries, and those are the cases that are unaudited?

Mr. CHATTERTON. Yes, sir.

The CHAIRMAN. You are asking for about 2,300 more people that would be employed on the 9,000 cases for 1917——

Mr. BLAIR (interposing). Not entirely on that. We have field agents and people of that kind.

The CHAIRMAN. How many consolidated section cases are there of corporations to be decided?

Mr. CHATTERTON. I can not give you the number of cases. I was formerly in the field service, and when I left the field service in June we had about 132,000 tax years for 1917 still in the field. Those were mostly corporation cases. That has been cut down since then by about six or seven thousand, or down to about 126,000.

REDUCTION OF ESTIMATE.

The CHAIRMAN. What we want to know particularly is whether, as a matter of fact, you can assimilate all the men you propose to recruit

in the expenditure of this $2,630,000 between now and the end of the fiscal year. If you can not assimilate them or educate them and make them efficient in that time, then the question is to work out a statement showing how many you could really have efficient as a part of this cost. When did you begin to figure, or as of what date was this estimate made?

Mr. BLAIR. As of November 1.

The CHAIRMAN. You made your calculation of expenditures from that date in your estimate?

Mr. BLAIR. Yes, sir; from a recruitment of 100 per month beginning on that date.

The CHAIRMAN. You would not get that many if this bill should pass by the 1st of December.

Mr. WEST. No.

The CHAIRMAN. The idea I have in mind is that the force to be paid out of this appropriation would be a perfect force, and to enable you to have a perfect force you must have a period of training for the men. Of course, while that period of training is on, you must pay them.

Mr. WEST. Yes, sir.

The CHAIRMAN. If you begin as of January 1, and I should think that would be as soon as you could begin, because it is not fair to suppose that this bill can pass the House and Senate before the middle of December—how much would you require?

Mr. CHATTERTON. We have gone over the civil-service lists and everything of that kind so as to be in shape, if possible, on December 1.

The CHAIRMAN. I would not figure on any date earlier than December 15 for the passage of the bill. Of course, you must begin to accumulate the people, but that would be without expense.

Mr. CHATTERTON. We just call them in and interview them and lay the foundation, but no promises are made.

The CHAIRMAN. That would reduce it how much?

Mr. CHATTERTON. The ratio would be 1 to 5 in the field, or 120 clerks.

The CHAIRMAN. And of course the traveling expense would be reduced as well.

Mr. CHATTERTON. Yes, sir.

The CHAIRMAN. The miscellaneous expense would be reduced, and the number of ordinary clerks would be reduced, as well as the number of engineers and experts.

Mr. CHATTERTON. The engineers have a separate class of work.

The CHAIRMAN. If you expect to employ new engineers, you would not be able to employ them until this became effective?

Mr. CHATTERTON. No.

The CHAIRMAN. So that if the committee should decide to allow all that you are asking, or in proportion to what you are asking, it would have to be given on a 6-months' basis instead of on an 8-months' basis?

Mr. WEST. Right there I would like to say that so far as the 300 deputy collectors are concerned, the basis was six months.

The CHAIRMAN. How much would that be, modified along the lines we have just outlined here, or how much would this be reduced?

Mr. WEST. Based on a 6-months' recruitment instead of eight months, a reduction of $838,000 in the estimate of $2,630,000 should be made. This covers salary, travel, and miscellaneous items.

Mr. CHATTERTON. One hundred additional men per month to be assimilated and to be scattered about in the field in the different divisions and put to work is a very safe figure. We started out last spring with training classes, and there was not any month when we did not send out to the field 100 new men, except one month when we sent out 86. Some months we sent out as high as 120. At that time the force was not as large as it is now. Of course, these men had to go out into the field in order to finish their courses, and they are not of much value until they have learned to apply their knowledge, and the man who is training him is to that extent slowed down. I think that 100 per month is a safe figure.

The CHAIRMAN. How many men would the same auditor be able to assimilate in his work?

Mr. CHATTERTON. It depends upon the case. If he is handling a small corporation or individual or a partnership, he can handle one man, but in the case of a good-sized manufacturing concern, he could take on three. He could do the supervisory work and teach them at the same time. With regard to these 100 men, we would not assign many of them in any one division.

The CHAIRMAN. These men are supposed to be expert accountants before they come in?

Mr. BLAIR. Yes, sir; but they have to be taught to apply their knowledge.

The CHAIRMAN. They must apply their knowledge to this experience?

Mr. BLAIR. Yes, sir.

The CHAIRMAN. Nobody is put into this service merely to give him a job?

Mr. BLAIR. No, sir; we keep books on every man, showing the amount of work he does and the kind of cases he handles.

The CHAIRMAN. Explain what you mean by tax years. I think I know what it means, but I would like to have it explained in the record.

Mr. CHATTERTON. A tax year is the return of any one individual or corporation for one year.

The CHAIRMAN. That is a tax year?

Mr. CHATTERTON. That is a tax year. Every man turns in between eight and nine tax years per month. The field force are sent a little more than 16,000 tax years per month, and they turn in a little less than 18,000 tax years per month. There are a little less than 400,000 tax years that we must catch up on, and it will take a long time to do it.

INDIVIDUAL TAX RETURNS.

The CHAIRMAN. You say that you have the individual tax returns almost current?

Mr. CHATTERTON. In the office; yes, sir.

The CHAIRMAN. You say they are current in the office. Does that mean you have all of the field work done?

Mr. CHATTERTON. No, sir; and a lot of them will have to go to the field. The audit in the office will show if there is something that can not be handled by correspondence in the office.

The CHAIRMAN. How long are they in the field before you finally dispose of them, or before they come back to you?

Mr. CHATTERTON. That depends upon the features that relate to them. For instance, it may be a partnership with a distributive interest, and the individuals concerned in that partnership will have returns out in the hands of agents awaiting action. To give you another example, there may be an individual who received a great deal of income from, we will say, a lumber business, and the question is how much of that is income and how much represents the sale of capital assets. All of those things tie them up, but, generally speaking, an individual case with no features other than the information and the check on it, is promptly figured.

The CHAIRMAN. There is nothing involved in the individual case except the amount of the income.

Mr. CHATTERTON. The agents engaged in that work do not get above a certain salary. They must qualify on corporation work before they get $3,000.

DISTRIBUTION OF EMPLOYEES.

The CHAIRMAN. How many employees have you here on income-tax work and how many in the field?

Mr. CHATTERTON. There are over 5,300 in Washington.

Mr. WEST. On September 30, 1921, the total number in the income tax organization was 5,382, and the total per annum rate of salary was $9,163,600. The total number of agents on income-tax work was 2,036, at a per annum rate of salary of $5,428,790. The number of clerks in these agents' offices was 351, at a per annum rate of salary of $492,510, and 31 agents in charge of divisions—four were acting—$135,900, with two valuation engineers at $8,300 for salary. That completes, so far as the salary is concerned, the present organization on September 30, 1921.

The CHAIRMAN. If you get the 2,301 men asked for, how many of those will be here and how many will be in the field?

Mr. WEST. If you start on January 1——

The CHAIRMAN (interposing). When you get them all completed.

Mr. WEST. That would increase this force from 2,036 to 2,626 and the clerks from 351 to 471.

The CHAIRMAN. Those are all in the field?

Mr. WEST. Yes, sir.

The CHAIRMAN. Then you would have about 10,000 altogether, if you got this force recruited?

Mr. WEST. A total of 9,197 on income-tax work.

OFFICE SPACE.

The CHAIRMAN. I made it more than that. Anyway, you have plenty of space to house these people?

Mr. WEST. Our space while ample is not very good.

The CHAIRMAN. The main question is whether we will have to rent space?

Mr. WEST. No, sir; we can get space at Sixth and C Streets.

Mr. BLAIR. Such as it is; it is not very satisfactory.

Mr. WEST. Just a short statement here will be interesting on the space problem.

The Internal Revenue Bureau now occupies space in seven different buildings, scattered over an area of approximately 2 square miles. The income-tax unit alone is in four buildings—annex No. 1,

at Pennsylvania Avenue and Madison Place; annex No. 2, at Fourteenth and B Streets; the Interior Building, at Eighteenth and F Streets; and Building C, at Sixth and B Streets SW. In Building C are also housed the sales-tax unit; the capital stock, estate, and child-labor tax divisions, and the tobacco and miscellaneous divisions. The prohibition unit occupies the Hooe Building, 1330 F Street; the solicitor's office, accounts unit, and the committee on appeals and review are located in the Interior Building; the stamp division is in the Auditors' Building, at Fourteenth and E Streets SW.; and the commissioner's offices, special intelligence unit, the supervisor of collectors' offices, the division of suppiles and equipment, and the appointment division are in the Treasury Building.

The public is greatly inconvenienced by the decentralized housing of the bureau. A taxpayer is often required to visit three or four different buildings to get information upon a single question. There is much criticism from taxpayers thus inconvenienced.

It should also be noted that effective administrative control is impossible under such decentralized conditions. The various units and divisions of the bureau are so closely related that the heads of these units and divisions and other supervisory officials must consult frequently and at short notice. Under the present housing conditions administrative intercourse and control are seriously impeded and hampered, and a vast amount of duplication of effort, to say nothing of expensive and exasperating delay, necessarily results. It has been carefully estimated that with suitable quarters provided the efficiency of the bureau would be so increased that at least 25 per cent more work could be accomplished with the present expenditures and the consequent savings would equal in less than two years the cost of an adequate, well-planned, permanent, fireproof structure.

That does not take into consideration the inflammability of the buildings at Fourteenth and B and Sixth and B Streets, wherein valuable records are stored which could not be replaced.

Mr. BLAIR. We have had a practical demonstration of the decreased efficiency. We moved the natural resourses subdivision into the Interior Department Building, with additional room, and Mr. Fay, with the same force, is now getting fully 25 per cent more production.

The CHAIRMAN. There is ample room in that building, it seems to me. I was up there not long since, in one or two offices, and it seemed to me that they were just wandering around, and in that space you could put a lot more people without crowding those in there.

Mr. BLAIR. Was that in the Interior Department Building?

The CHAIRMAN. Yes, sir; in the offices occupied by your bureau.

Mr. WEST. When was that?

The CHAIRMAN. Not over four weeks ago. I happened to be there and to walk through.

Mr. WEST. They have made some rearrangement just recently. I doubt whether the transfer had been made then. The third floor on the front is to be occupied by the Board of Appeals and Review. Perhaps, you looked into that. I went down there for the first time three or four days ago, and it looks as if it were not occupied, but that is where they have the hearings.

Mr. BLAIR. All of those rooms are conference rooms; there are 10 rooms there.

DURATION OF WORK.

The CHAIRMAN. Getting away from that, let me ask you this uestion. Your request for this appropriation contemplates the emloyment of a large additional number of men to bring the back ork up to date. How long do you think that these men, at the eak, would have to be continued in the service?

Mr. BLAIR. As of 1923 I think we can begin to reduce the force.

The CHAIRMAN. You think that you can get your work pretty well rrent during 1923?

Mr. BLAIR. Yes, sir.

The CHAIRMAN. At any rate, it would not go up higher after 1923?

Mr. BLAIR. That is my opinion.

The CHAIRMAN. After you have the work current, has anybody ought out a plan for the systematic reduction of the force that uld be required to be made to keep the work current?

Mr. CHATTERTON. We have not gone that far. We realize that will have to work that out.

Mr. KELLEY. That will depend somewhat on the legislation?

Mr. BLAIR. That is just what I was going to say. You might nge the law so as to materially reduce the force.

Mr. KELLEY. When you get rid of the excess-profits tax, that will ?

Mr. BLAIR. It will. We will not feel it the first year, because we e the old returns; but when that is through, then there will be g reduction.

EFFECT OF NEW REVENUE LEGISLATION ON WORK.

he CHAIRMAN. Have you thought as to whether there would be work under the reduced revenues provided in the new act than quired now? It is presumed that the new act will raise about ,000,000 a year less than the present act. How will that affect work?

. WEST. It will not affect the work of the income tax unit materially, because most of this is old work, but I took that ld have a memorandum in connection with it. It shows that e field there will be a slight reduction on account of the transtion tax being repealed and certain of the sales taxes being l on the manufacturer rather than on the retailer under section We will not feel the effect for several months. I had a memom from the supervisor of the collectors' offices that was to the there would be a reduction of approximately 160 people in ld, based on the bill as it passed the Senate. However, if the te is approved for 300 deputies in the field and 50 in the the force in the collectors' offices will still be less than it was ring. A radical cut was made then so as to keep within the priation, and it is now desired to get back to the normal r.

CHAIRMAN. When you made that radical cut, did that affect enues in any way?

WEST. I have no doubt it did because the memorandum that from the supervisor shows that each individual deputy proabout $15,000 revenue. They keep an accurate tab and can t how much each man has reported.

The CHAIRMAN. Of course, he will produce according to the size of the schedules that he has to deal with?

Mr. WEST. That is true; but if you follow that on the average, one man will get a good case and probably get a large return and the other one will work just as hard and get nothing to compare with it. This is on the average basis.

ADDITIONAL COLLECTIONS THROUGH INCREASE OF FORCE.

(See p. 452.)

The CHAIRMAN. You feel pretty sure that if you get this additional money and are authorized to employ these additional men that the office force down here will be able to produce, I think you said, $113,000,000 a year; that is what you estimate your office force, and an additional $240,000,000 from the outside?

Mr. WEST. I do not think there is a doubt that we can get two hundred and forty-odd million dollars with the force we have now.

The CHAIRMAN. And on top of that you figure $200,000,000 a year?

Mr. CHATTERTON. Yes, sir; on an annual basis, under the recruitment plan.

The CHAIRMAN. That would give you $557,000,000. Am I right about that?

Mr. WEST. What is the $113,000,000?

The CHAIRMAN. Your force here.

Mr. WEST. That is true; that is what we did during the last year.

The CHAIRMAN. I am talking about the annual rate. That would give $557,000,000 against $357,000,000?

Mr. CHATTERTON. No; that was for the field service only.

The CHAIRMAN. No. Two hundred and forty-odd million dollars was for the field service.

Mr. WEST. That is correct.

REFUNDING TAXES ILLEGALLY COLLECTED.

The CHAIRMAN. We have here a deficiency prior to July 1, 1920, $12,422,000, and then another one for 1921 of $10,635,000.

The CHAIRMAN. What is that all about?

Mr. WEST. When you figure the collections for 1920, as $5,400,000,000, and 1921, $4,595,000,000, the percentage for refunds is very insignificant.

The CHAIRMAN. These are all refunds. You have not had the money with which to make the refunds. You have only $12,000,000 for each one of these years?

Mr. WEST. Yes, sir. The condition is something like this. On February 24, 1919, the act provides that annual appropriations be made for refunding taxes illegally collected. So for 1921 we have $12,000,000 as a total appropriation.

The CHAIRMAN. You also had $12,000,000 in 1920?

Mr. WEST. No; we have $12,000,000 for 1922. Eight million dollars of that relates to claims arising prior to July 1, 1920. That means under the comptroller's ruling the refund is to be made from the appriation pertaining to the year the tax was fully paid.

The CHAIRMAN. How much of this $36,000,000 appropriated for 1920, 1921, and 1922 have you paid out?

Mr. WEST. We keep that by fiscal years.

The CHAIRMAN. Then give it to us that way.

Mr. WEST. From the appropriation for 1918 and prior years we paid approximately $7,500,000. During that time, however, we had the benefit of paying out of two permanent indefinite appropriations, 1919 and 1920. This is rather a mixed situation on account of these ıew appropriations, and the opinion of the Comptroller of the Treasıry. We spent $7,925,000 out of the 1919 permanent and indefinite ıppropriation. We spent out of the permanent indefinite appropriaion $10,560,000. Out of the 1921 we passed $2,700,000, not taking nto account advances to field disbursing agents, made which would go s expenditures from the Treasury, making a total of approximately 28,700,000 as expended last fiscal year.

The CHAIRMAN. For those two years?

Mr. WEST. For expenditure, you might say, in 1921 alone, although covers practically four appropriations.

The CHAIRMAN. 1919, 1920, and 1921?

Mr. WEST. That is right if you include 1918 and prior years. We ıve to date passed on the control ledger $9,810,000 worth of claims ıyable from the $8,000,000 relating to 1920 and prior fiscal years. hat is $1,800,000 more than is in the Treasury to pay. We had a tle balance from the 1921 appropriation the first of this fiscal year ıt that amount is exhausted and we have no money to pay any 1921 ıims. Claims are scheduled and paid from the appropriations reing to the years in which the tax was fully paid. Three appropriıns are now involved, 1920 and prior years 1921 and 1922.

Mr. KELLEY. You could take any money collected from taxes and y any legal refund?

Mr. WEST. In ordinary procedure it is different, because we take ıt money and it is deposited and becomes a part of the revenue. funds are made from appropriations.

Mr. KELLEY. It is an indefinite appropriation?

Mr. WEST. There are no indefinite appropriations now for refundtaxes illegally collected.

The CHAIRMAN. Could we simplify this by making an appropriation the payment of claims in any one fiscal year available for the payıt of claims the entire fiscal year instead of keeping it separate as just described?

Mr. WEST. I do not know. There is one trouble that comes up ı in the plan of a permanent and indifinite appropriation, because have so many claims coming up where they arose in 1919 and r years.

he CHAIRMAN. Here is what I had in mind. Suppose for 1922 e was placed to your credit for the payment of claims for refund 000,000 and that you had that $10,000,000 available for the payt of claims of 1918, 1919, 1920, or any other year?

r. WEST. That would be fine.

ıe CHAIRMAN. Make it available for the payment of any income-laims, I mean?

. WEST. I should dislike to see that if it applies to the income lone.

e CHAIRMAN. These are all income-tax claims?

. WEST. No sir.

e CHAIRMAN. What are they?

. WEST. The great percentage relates to income-tax refunds.

e CHAIRMAN. What about the others?

Mr. WEST. Tobacco and miscellaneous have an estimate for $12,000 for 1920 and prior years. Prohibition unit comes in for $200,000 for same time.

The CHAIRMAN. How would they come in for claims, as they do not take in any money?

Mr. WEST. Considerable tax is collected from nonbeverage alcohol; we collected approximately $82,000,000 from this source during the last fiscal year. The sales-tax unit estimates that their refund for this fiscal year, from the appropriation for 1920 and prior years, will aggregate $1,785,000, and the estimate of the estate-tax unit is $425,000.

The CHAIRMAN. A man that is paying an income tax by putting a stamp on a bottle of medicine, he would not make any claim?

Mr. WEST. That is a different matter, the redemption of a stamp. He could get his stamp redeemed if it had not been used.

The CHAIRMAN. Take a man who is selling hats and say that I walked into his store and bought a hat for $6 and he charged me a tax. If he reported that tax he would pay it and if he did not he would not.

Mr. WEST. No claim arises in the case you speak of, where the tax is on the buyer, and he has to pay it to the dealer. There are many people who make monthly returns on automobile accessories and automobiles; that tax is on the manufacturer.

The CHAIRMAN. They do not pay any tax on the sale?

Mr. WEST. The tax is placed on the sale by the manufacturer.

The CHAIRMAN. Does he make the return before he makes the sale?

Mr. WEST. No; it is on the sale. When he makes the sale he makes return to the Government of the tax after the month closes.

The CHAIRMAN. If he sells on time and makes a loan, would he have a right to a rebate on that?

Mr. WEST. No, the tax applies when title passes.

The CHAIRMAN. He has paid the tax on the sale. If he does not collect the money from the person to whom sold, would that make any difference to the Treasury?

Mr. WEST. No. As a matter of fact, the collecting is outside of our province.

The CHAIRMAN. Suppose he sells $10,000 worth of automobile accessories to you and gives you 30 days' time in which to pay. In the meantime you failed and in the meantime he had paid the tax to the Government, would he have a right to claim a refund?

Mr. WEST. No.

The CHAIRMAN. He charges up that loss against his profit anyway in the ordinary course of business?

Mr. WEST. I would say so. The sales tax applies to the individual sale.

The CHAIRMAN. I do not understand how a man with a sales tax can have a claim against the Government?

Mr. WEST. I can tell you several. For instance, most of these claims where the office has changed its ruling on the tax——

The CHAIRMAN (interposing). You told us this morning that there were no changes in the rulings?

Mr. WEST. I can not say that as to the sales tax. When the sales tax first became a law, it was hard to interpret. There were many different rulings. One day it was held that a pencil with a metal

ring was jewelry and taxable, and a coffin with silver mountings was taxable. Later on that ruling was reversed and those people who had paid taxes were entitled to a refund.

The CHAIRMAN. I think that reversal was entirely correct.

Mr. WEST. I do, too. That caused a great deal of trouble and nany questions arose in connection with it. The principal cause for laims is in connection with transportation taxes.

The CHAIRMAN. Be kind enough to tell us about that.

Mr. WEST. Many claims arise in regard to tax on export shipments. 'ax is paid and later evidence of transportation abroad which could ot be furnished at time of shipment is secured on which refund is ade. Then there are many penalty claims.

Mr. BLAIR. There was a question in regard to a man selling transortation between this country and Canada, through tickets, as to hether they should charge on the full ticket going all the way or just the Canadian line. I think there is a case of that kind that has een under discussion.

Mr. WEST. When you figure the collections on sales and miscelneous taxes at over $800,000,000 per annum, and that we are rending only $1,785,000 for 1920 and prior years, I think the perntage is very small.

The CHAIRMAN. Your idea is that instead of making the approiation which I described—the typical appropriation for particular ings—it should be general?

Mr. WEST. I should think so, Mr. Chairman, if you could word it as to take in all claims without regard to when the cause of action se, it would simplify it considerably.

The CHAIRMAN. I was just wondering whether it would be wise to it or not.

Mr. WEST. It is worth thinking about in connection with this tter, as the present plan is cumbersome and entails much clerical ervision.

The CHAIRMAN. And these two items for 1920 and 1921 are to cover nds already authorized for which you have not any funds; is t right?

Mr. WEST. They have not all been authorized but they represent ms filed with the bureau for which refunds must be made.

The CHAIRMAN. How long is it likely to be before you reach a conion that will involve the payment of this money?

Mr. BLAIR. Some of them are pressing right now. Some of them been allowed and are on schedule to be paid.

Mr. WEST. It is estimated they will be reached during this fiscal . That was the inquiry made of each administrative unit.

The CHAIRMAN. If we did not allow it all, what would happen?

Mr. WEST. It means we would have to wait and then they would n under the appropriation for 1923. You understand that any s that would lapse on account of shortage of funds where we l not come to Congress for additional funds would be held over, did last year, and then they would come in under that part of ppropriation if we word it like it is now, referring to refunds prior ly 1, 1921.

The CHAIRMAN. I do not think we ought to do anything to embarhe payment of these claims where they have illegally paid taxes

Mr. BLAIR. No; they ought to get their money promptly.

TUESDAY, NOVEMBER 15, 1921.

PUBLIC HEALTH SERVICE.

STATEMENTS OF DR. C. H. LAVINDER, DR. R. H. CREEL, ASSISTANT SURGEONS GENERAL, DR. J. L. BUSBY, MR. A. M. WHEELER, JR., AND MR. H. P. HUDDLESON.

FREIGHT, TRANSPORTATION, AND TRAVELING EXPENSES.

The CHAIRMAN. The first item we have before us for the Public Health Service is for freight, transportation, and traveling expenses, including the expenses, except membership fees of officers when officially detailed to attend meetings of associations for the promotion of public health, for the fiscal years that follow: For 1920, $5,000; for 1921, $27,000.

We will take up first the $5,000 item.

Mr. HUDDLESON. At the present time the auditor has settled and forwarded to the Division of Bookkeeping and Warrants to be warranted $3,411.85 worth of freight bills, with no money against which to draw the warrants.

The CHAIRMAN. Would there have been any money if the bills had been rendered in time?

Mr. HUDDLESON. No, sir; I do not believe there would have been if they had been rendered in time. The freight rates had increased.

The CHAIRMAN. This is due to the increase in freight rates?

Mr. HUDDLESON. Yes, sir.

The CHAIRMAN. You have $3,400 of unpaid freight bills. What about the other $1,600 to make up the $5,000?

Mr. HUDDLESON. We have $886.22 worth of 1920 freight bills in our office that have not been paid, making a total of $4,298.07.

The CHAIRMAN. And that is the total of this item?

Mr. HUDDLESON. That is the total amount to date, but there will be freight bills to come in later.

The CHAIRMAN. Would it not be better to wait until they come in?

Mr. HUDDLESON. That would be perfectly agreeable to us.

The CHAIRMAN. I do not suppose there is anything else to be said about this item.

Mr. HUDDLESON. There is really nothing to be said about it except we have these bills from the railroad companies.

The CHAIRMAN. I wonder why there is this delay about getting the bills in?

Mr. HUDDLESON. I do not know, but we are getting in bills now occasionally for fiscal year of 1918.

Mr. ANTHONY. Do the railroad companies let you take freight out without paying for it?

The CHAIRMAN. This was during the period of Government control.

Mr. ANTHONY. They would not let anybody else to do that?

Mr. HUDDLESON. They do not require the Government to pay freight when they take it away from the station. We make shipments on Government bills of lading which are certified by the officer to whom the shipment is made, they go back to the railroad company, and sometimes it is a year or two years before we hear from it.

The CHAIRMAN. What about the next item of $27,000?

Mr. HUDDLESON. That is also for freight. The auditor has settled, ınd there is in the Bookkeeping and Warrants Division ready for varrants to be drawn $19,878.72 worth of bills, and there are in the ›ureau $4,711.42 in bills, making a total of $24,590.14.

The CHAIRMAN. These are the only figures you know about defi-ıitely?

Mr. HUDDLESON. That is all we know about at this time—$24,590.14.

The CHAIRMAN. There is not anything we can say about that except ıat is also due, I suppose, to the increased freight rates?

Mr. HUDDLESON. Yes, sir; and a portion of this, Mr. Madden, is ›r passenger transportation.

The CHAIRMAN. What is the passenger transportation for?

Mr. HUDDLESON. In transferring officers from one station to an-her.

The CHAIRMAN. They travel on Government transportation, and e railroad companies render the bills for that later?

Mr. HUDDLESON. Yes, sir.

Mr. KELLEY. It seems to me that is a very large freight bill for e Public Health Service. What are the chief items of freight? st give us a short statement about your freight bills.

Mr. HUDDLESON. They include the shipment of hospital supplies d of temporary buildings and hospital equipment.

The CHAIRMAN. Would it include coal or anything of that sort?

Mr. HUDDLESON. If we buy the coal at the mine, it does; yes, sir. › pay the freight on purchases of that character.

Dr. LAVINDER. And we equip about 40 or 50 hospitals with sup-es all over the country.

Mr. KELLEY. Do you pay the freight?

Dr. LAVINDER. Yes, sir.

Mr. KELLEY. Do you not have the supplies laid down at the pitals?

Dr. LAVINDER. Much of our supplies are derived from the surplus ·ks of the Army and Navy and stored and shipped out. We e a storage place at Perryville, Md., with several million dollars' th of supplies on hand that we got in that way, and they are ›ped out from that place.

r. KELLEY. I understood it was the practice of the Government ıying supplies to buy at the point of delivery and not at the t of manufacture?

r. LAVINDER. Yes, sir; if we have not surplus stocks on hand that been given to us we do that, but we have a great deal of that.

r. KELLEY. This item of freight is one that you could make great ıall, depending on how you made your contracts for supplies?

·. LAVINDER. We always make them locally when we can.

·. KELLEY. F. o. b. the point of manufacture?

. LAVINDER. Yes, sir.

·. KELLEY. That is the opposite practice from the usual practice e Government, is it not?

. LAVINDER. Perhaps I have misunderstood you. We buy locally we can, and when we can not we ship from our surplus stocks.

. KELLEY. You mean by locally where your pl[illegible]

LAVINDER. Yes, sir.

Mr. KELLEY. Suppose you bought a supply of drugs from Parke-Davis, would you buy f. o. b. Detroit, or would you buy at the point of delivery?

Dr. LAVINDER. We usually try to buy at the point of delivery.

Mr. KELLEY. So that the freight is included in the price?

Dr. LAVINDER. Yes, sir.

Mr. KELLEY. So you can shape your item of freight one way or the other and make it small or large, depending on how you make your contracts.

Dr. LAVINDER. We always prefer to buy at the point of delivery.

Mr. KELLEY. What part of this sum is freight and what part passenger transportation?

Mr. HUDDLESON. I could not tell you that. I did not separate it in that way. As a matter of fact, there are very small freight bills. We had a proposition put up to us a few days ago to get some supplies from the Army. They were willing to give it to us if we would pay for the shipment. Upon inquiry it was ascertained that the freight ran something like $10,000.

INTERSTATE QUARANTINE SERVICE.

FOR PREVENTION OF SPREAD OF CONTAGIOUS AND INFECTIOUS DISEASES.

The CHAIRMAN. The next item is:

"Interstate quarantine service: For cooperation with State and municipal health authorities in the prevention of the spread of contagious and infectious diseases in interstate traffic, fiscal year 1921, $1,000."

You had $25,000 for 1921. How did this deficiency occur?

Mr. HUDDLESON. I do not know that I can say just how the deficiency occurred, but I know what the bills that are unpaid are for. The auditor has settled $336.78 worth of bills which are in the Division of Bookkeeping and Warrants, and we have in the bureau $129.21 worth of unpaid bills, so there is only a deficiency of $466.69 known to exist in that appropriation. A portion of that was for the shipment of water; in fact every item there is for freight charges.

The CHAIRMAN. Was there any attempt made to regulate the allotments under this appropriation so as to make it impossible to run over?

Mr. HUDDLESON. Yes, sir; that was done, but in collecting samples of water from different places throughout the country we have no knowledge of the date those samples are shipped to the laboratory for analysis, and practically all of these items here are for that character of expense.

Mr. KELLEY. You say this is again a freight item?

Mr. HUDDLESON. Freight and express charges, every nickel of it; $466.69.

The CHAIRMAN. And the purpose of the analysis is to ascertain whether or not the water is unfit for use?

Mr. HUDDLESON. Yes, sir; whether there is any pollution in it.

The CHAIRMAN. Would there have been money enough in the fund to pay this bill?

Mr. HUDDLESON. I imagine that $25,000 would perhaps have been a little more than enough had it not been for the fact of the increased transportation rate.

The CHAIRMAN. Then it is all due to the increased freight rates you think?

Mr. HUDDLESON. Yes, sir.

The CHAIRMAN. What is the exact amount you know to be due?

Mr. HUDDLESON. $466.69.

The CHAIRMAN. Do you know of any other bills outstanding?

Mr. HUDDLESON. No, sir. We did not know these were outstanding until they came in.

The CHAIRMAN. So that $466.69 will cover what you want?

Mr. HUDDLESON. Yes, sir.

MEDICAL, SURGICAL, AND HOSPITAL SERVICES AND SUPPLIES FOR WAR RISK INSURANCE PATIENTS.

The CHAIRMAN. The next item is a request for a deficiency of $87,000 for medical, surgical, and hospital services and supplies for War Risk Insurance patients and other beneficiaries of the Public Health Service. In 1920 you had an appropriation of $20,166,187.

Mr. LAVINDER. Mr. Chairman, this is another deficiency under that appropriation. It should be recalled that for that fiscal year we had no separation of our funds for the care of our regular beneficiaries from that for the Veterans' Bureau or the War Risk beneficiaries. That was the first year we undertook this work and we got deficiencies to carry us along from time to time, and that is the reason there were so many of them. When the year closed we supposed we were within our appropriation, but we got a deficiency later for $1,000,000, which appears in the first deficiency appropriation hearings of 1921. There is still $87,000 worth of bills that have come in since that time. We were concerned primarily in seeing that a disabled soldier did not suffer, that he went into a hospital, and we just had to feel our way into an unknown situation, and the bills have been very slow coming in, and according to Mr. Huddleson's figures which I am using, we still have $87,000 left outstanding besides the last deficiency of $1,000,000.

The CHAIRMAN. This was during the period when the men were coming back from the war?

Dr. LAVINDER. Yes, sir; just after we took over this work. We took it over in March, 1919, and Congress passed a bill which carried us to the end of that fiscal year. This is for the fiscal year ending July, 1920.

The CHAIRMAN. And there are bills now in to the amount of $87,000?

Mr. HUDDLESON. It is a little over that. Since these estimates went in the freight bills have increased it $776.81.

The CHAIRMAN. What is the character of those bills?

Mr. HUDDLESON. They are bills for the shipment of supplies, and I think there is one coal bill in that item.

Dr. LAVINDER. Mr. Chairman, of course these bills that are left now are only to tail ends of a lot of other things. We had to pay certain bills that came in and that left us deficient. I was told yesterday that these bills concerned supplies, freight, drugs, prescriptions, and professional fees.

DRUGS, PRESCRIPTIONS, AND PROFESSIONAL FEES.

The CHAIRMAN. Have you any idea about the amount of the professional fees?

Dr. LAVINDER. Fourteen thousand dollars of it includes drugs, prescriptions, and professional fees. You see, at that time, under the Comptroller's ruling, a discharged soldier, if he did not know of the existence of the governmental methods, or if it was an emergency, was authorized to go out and get his own medical care and treatment, and a great many of those bills were incurred, and for a time we paid them; that is, we paid them under an audit. We did not pay them as rendered. Since then we have turned it over to the Veterans' Bureau and the practice has been largely discontinued.

The CHAIRMAN. In other words, if the soldier went to a doctor on his own account and contracted an obligation that was the Government's obligation, as you understood it?

Dr. LAVINDER. That is the way the comptroller ruled, if it was an emergency, or if he did not know he could get that service from the Government. The comptroller's ruling is quoted in this hearing we had before on this deficiency.

The CHAIRMAN. How long will it be permissible for bills of this character to come in?

Dr. LAVINDER. I understand the Veterans' Bureau has cut them out. We only carried them for a little while in the early part of this work and then turned them over to the War Risk Bureau and refused to pay any more, and I think they have reduced them to almost nothing.

The CHAIRMAN. These bills were contracted during the year 1920?

Dr. LAVINDER. Yes, sir; do you know, Mr. Huddleston, whether there will be any further deficiencies under that appropriation?

Mr. HUDDLESON. I imagine, Dr. Lavinder, we may have coming in for the next year or two some small bills. I do not believe there are any large bills out, but we received in the office yesterday some bills for 1918.

The CHAIRMAN. Those are not included in this item?

Mr. HUDDLESON. No, sir.

The CHAIRMAN. And you have not before us any item for them?

Mr. HUDDLESON. No, sir. Those will be legal claims. We will send those to the auditor and he will report them to you through the Division of Bookkeeping and Warrants. These others could have been made certified claims, but I understand they have ruled out the certified claims now.

The CHAIRMAN. How long are you going to continue to receive and audit and pay these bills? Does the Government feel under obligation to pay any bill that may be rendered for any transaction during the period of 1918, or 1919, and 1920?

Dr. LAVINDER. Yes, sir; I should think so.

Mr. HUDDLESON. If it were authorized by an officer in charge of the service we would feel obligated to pay it, but we are now returning bills which we do not regard as proper charges.

Mr. KELLEY. And the more improper they are, the more likely they are to be delayed, I suppose.

The CHAIRMAN. Your suggestion is that we add $776.81 to this item of $87,000?

Mr. HUDDLESON. Yes, sir; we have those unpaid bills in the office now.

MEDICAL, SURGICAL, AND HOSPITAL SERVICES, AND SUPPLIES FOR OTHER BENEFICIARIES.

The CHAIRMAN. The next item is for medical, surgical, and hospital services, and supplies for beneficiaries (other than war-risk insurance patients) of the Public Health Service. For 1921 you are asking a deficiency of $130,000. This is for the ordinary Public Health Service patients?

AMOUNTS DUE FROM VARIOUS SERVICES.

Dr. LAVINDER. Mr. Chairman, our appropriation was $4,000,000 and we have left from that original appropriation, according to the figures given me by Mr. Huddleson, $70,000. Then we are due from the Immigration Service at Ellis Island $224,000 of repayments for services rendered to them. We operate their hospital and they pay us so much a day. Then we had $301,000 due us from the Veterans' Bureau in the same manner, which makes a total of $595,000. We have outstanding bills or money owed by us, $275,000, and if you deduct the $70,000 from that it leaves $205,000, which we are shy, but we have asked for only $130,000 because Mr. Huddleson tells me he expects still to get some of these repayments. These repayments are not made to us although they are due us, but we spent against a credit that we may realize on, because these people have no money and can not pay us.

The CHAIRMAN. Why can you not make them pay you?

Dr. LAVINDER. They say they have no money. They say they are deficient and can not pay us, and if they can not pay us we have a frozen credit; in other words, we can not use it.

The CHAIRMAN. The Immigration Service must have money.

Mr. HUDDLESON. They are asking for $150,000, I think, in this bill.

The CHAIRMAN. Out of that $150,000 would they pay you any part of what is due you?

Mr. HUDDLESON. I think we will get it, but we will not get it all in time to undertake to pay these bills. There is a portion of this money, just what portion I have been unable to ascertain, that is due by steamship companies which they have not been able to collect. They will eventually make those collections.

The CHAIRMAN. And eventually pay you?

Mr. HUDDLESON. Yes; but in the meantime we are being hounded on these unpaid bills.

The CHAIRMAN. The War Risk Bureau or the Veterans' Bureau have money, have they not?

Dr. LAVINDER. They say they have not for that fiscal year and they can not pay this bill. Is not that what they say, Mr. Huddleson?

Mr. HUDDLESON. Yes, sir. The Veterans' Bureau owes thi
priation $301,000, and the auditor has settled the claims
warded them over to Bookkeeping and Warrants to tran
money from their appropriation to this one, but there is n

there. We wrote the director and asked for the money, not only to cover this item, but to cover other items of 1921 expense, and he replied that just at present the money was not available, or something to that effect; that when he got straightened out, if the money was available, he would then give it consideration.

The CHAIRMAN. You come in and ask for a deficiency, and probably they will come in and ask for one; and if we give you both a deficiency, what will happen?

Mr. HUDDLESON. If we pay these bills from funds you give us we would not use the money due as a transfer of funds if it were made available. We can not use the money except to pay the bills incurred in years past.

The CHAIRMAN. And you say you owe $205,000?

Dr. LAVINDER. Yes, sir: and we are asking for $130,000. We believe we will get $75,000 out of these unpaid bills, so Mr. Huddleson tells me.

MAINTENANCE OF HOME FOR LEPERS.

The CHAIRMAN. The next item below that is, "For 1922, $200,000: *Provided*, That of this sum not exceeding $80,000 may be used for the maintenance of home for lepers, including transportation of lepers, maintenance, care and treatment of patients, and pay and maintenance of necessary officers and employees."

You had an appropriation of $4,080,000, out of which $80,000 was authorized to be used for the leper service. Now, what you want to do is to increase the amount to be allotted to the leper service out of the $4,080,000 appropriation. Is that right?

Dr. LAVINDER. Yes, sir; that is exactly what we want.

The CHAIRMAN. This language does not do that.

Dr. LAVINDER. We followed the directions of the Bureau of the Budget. We asked them about it, and they said we could get the language changed, but we must put it in as a regular deficiency. We have the money if we can have it made available.

The CHAIRMAN. What you want to do is to transfer the use of $200,000 additional to the leper service from the appropriation already made?

Dr. LAVINDER. Yes, sir.

The CHAIRMAN. How much of a balance have you in the appropriation of $4,080,000?

Mr. WHEELER. We are spending that appropriation at the rate of about $1,000,000 a quarter.

Dr. LAVINDER. Mr. Chairman, we had a certain amount of that money set aside by Mr. Dawes. You will remember that he required us to take a certain part of our money and set it aside.

The CHAIRMAN. How much did you set aside?

Dr. LAVINDER. I think it was 10 per cent.

The CHAIRMAN. If we should authorize the transfer of $200,000 to the leprosy service, how would you curtail the services of the other services so as not to spend more than your allotment or allowance to them, or how would you live within the amounts set out?

Dr. LAVINDER. That is what we propose to do.

The CHAIRMAN. And not come back for any additional amount?

Dr. LAVINDER. No, sir; we do not expect to ask for another deficiency.

The CHAIRMAN. This language here would not meet the case, but I think it is very important that the case should be met.

Dr. LAVINDER. It is very embarrassing to us as it is now, and unless something is done we will have to close down.

Mr. HUDDLESON. We have a great many unpaid bills now.

The CHAIRMAN. Tell us about the conditions under the present appropriation for the leprosy service and how you would use this $200,000 if it should be allowed?

Dr. LAVINDER. Under the act of Congress passed in 1917 we had $250,000 with which to purchase and operate the National Leprosarium, but we could not find a place on account of objections made on the part of every community where we proposed to locate it, until 1920, when we finally acquired this place in Louisiana. The comptroller ruled that we could not use any of that money for operating expenses except for that one year of 1917, and, therefore, the whole $250,000 was used in the purchase and construction of the leprosarium. We carried it for that year out of our regular appropriation, just as we propose to carry it this year. When we went before the Appropriations Committee for a special appropriation for this leprosarium, the chairman gave us only $80,000, and he worded it so that we could use but a certain percentage of it for personal services. This money has been spent in the purchase of the place and in putting it into shape, and we expect to have shortly 200 beds. With this $200,000 we propose to continue the operations for the year in caring for our patients. Besides, it will take a great deal of work to put the place in proper condition, there being a lot of underbrush to be cleared away and drainage to be provided for.

Another thing to be considered is that these patients stay with us for a long while, and we must provide them with everything, including clothing. We must have the necessary personnel there, and must provide them with more than any other personnel we have. We estimate that the cost for the balance of this year upon the basis of these 200 beds will run close to $200,000. We have spent practically all of our money and we are simply holding enough back now to pay the personnel. All of it will be exhausted in a very short time.

The CHAIRMAN. How many additional beds will this provide?

Dr. BUSBY. We will have 77 additional beds.

NEED OF ADDITIONAL BEDS FOR LEPERS.

The CHAIRMAN. How many leprosy patients are there in the country?

Dr. LAVINDER. We figure that we could house 500 in a short time, or within the next few months.

The CHAIRMAN. How much do you need to house that number?

Dr. LAVINDER. We ought to have 300 additional beds available right now, but we have not got them.

The CHAIRMAN. How many applications are there that you are unable to provide for?

Dr. BUSBY. There are 157 applications on file now.

The CHAIRMAN. Does that include those already in the leprosarium?

Dr. LAVINDER. No, sir.

The CHAIRMAN. How many do you have in this home?

Dr. LAVINDER. About 111.

The CHAIRMAN. How would you provide for 270 with that number of beds?

Dr. LAVINDER. We can not do it.

The CHAIRMAN. If you had this $200,000, could you do it?

Dr. LAVINDER. No, sir; that gives us less than $200 a patient.

The CHAIRMAN. What will you do with them?

Dr. LAVINDER. We will have to decline to take them. We can not do anything else.

The CHAIRMAN. It has been generally understood that if you got this $200,000 you would be able to provide for all that applied.

Dr. LAVINDER. No, sir; we could not do that.

The CHAIRMAN. You could not make preparations to provide for all of them?

Dr. LAVINDER. No, sir.

The CHAIRMAN. What would you do about the people in St. Louis who are clamoring for admission to this leper colony?

Dr. LAVINDER. We have had so many applications that when they come to us we sit down and prorate them the best we can.

The CHAIRMAN. I think there has been a good deal of correspondence between your service and the St. Louis people and a great many of those letters have come to us.

Dr. LAVINDER. That is true all over the country.

The CHAIRMAN. My understanding of it has been that promises have been made by the Public Health Service that these St. Louis cases would be provided for if this transfer of funds was made.

Dr. BUSBY. The St. Louis cases were among the first cases that we were notified about, and they are among the first on the list. If we receive this $200,000, we can put into operation 77 new beds that we have constructed out of the $250,000. That will leave approximately 80 applications still on file for general hospitalization, including all from over the country.

The CHAIRMAN. How are they being provided for now?

Dr. BUSBY. They are being provided for by the cities placing them in shacks in outlying districts.

Mr. KELLEY. Where do these lepers come from, or these new cases?

Dr. BUSBY. Some of them are American, but a majority of them are people who have come into this country from some foreign countries. Generally they are people who have been here for a period of six or seven years.

Mr. WOOD. Some time ago I saw an article in a newspaper stating that a cure for leprosy had been discovered. Is there anything in that.

Dr. BUSBY. That has been the subject of much comment, and several very favorable cases have been reported at the Molokai Colony, that have been patroled, but the time has been too short in which to determine the reaction. In fact, after being paroled several of those cases have been brought back to the colony as patients not cured. Even though they be cured, the time required for the treatment is so long that places must be provided for keeping the patients.

FOREIGN PATIENTS.

The CHAIRMAN. I understood you to say that a good many of these patients are foreigners. Are there any of those cases that are deportable?

Dr. BUSBY. Numbers of cases have come into this country, and, in fact, we receive applications probably once a week in regard to deportable cases, or cases that can be deported under the existing laws. In those cases action is taken to send them out of the country.

The CHAIRMAN. What is done with them?

Dr. BUSBY. They are sent back to their original haunts, I imagine.

The CHAIRMAN. Is any investigation being made by the Public Health Service to ascertain whether or not any of those cases of foreigners are such as would make them come within the deportation laws?

Dr. LAVINDER. Yes, sir. Under the quarantine laws, of course, any leper that is picked up on any vessel is always returned. Those cases that get into the country in spite of the immigration inspection service, when they turn up within a certain time, are reported to the Government at once and they are deported.

Dr. CREEL. Under the immigration statutes they can be deported within five years if it can be shown that the disease was present on their entry.

The CHAIRMAN. What investigation is being made to ascertain the status of those people?

Dr. CREEL. Whenever cases are reported they are investigated. Just last week a case came up in Detroit of a Mexican who has been in the country about four years. While the symptoms of the disease were obscure and developed slowly, it was ascertained from his own statement that he had some of the symptoms of leprosy before he left Mexico, but they did not become evident until two years after he came into this country.

DEVELOPMENT OF DISEASE.

The CHAIRMAN. How long does it take the disease to develop, or how soon is it ascertainable?

Dr. LAVINDER. That differs in different cases, and on account of the form of leprosy the person may have. If he has the anesthetic form of leprosy, he may not have any of the visible symptoms of leprosy, except he may experience a loss of sensation or loss of feeling, but if he has the tubercular type, the tubercles will soon appear on his face.

The CHAIRMAN. Is the disease curable?

Dr. LAVINDER. There is no specific cure for it, but a certain percentage of cases do get well under one form of treatment or another. However, the leprosariums discharge or parole patients right along as cured, and some of them recur.

The CHAIRMAN. When they are discharged, do they go back into the communities from which they came?

Dr. LAVINDER. They keep them under observation. I think they keep them under parole for five years.

The CHAIRMAN. Nobody knows how the disease originated?

Dr. LAVINDER. No, sir.

The CHAIRMAN. They do not know what is the cause?

Dr. LAVINDER. The cause is a germ, very much like the tuberculosis germ.

Mr. WOOD. Is it not pretty generally believed that it is only communicable by actual contact?

Dr. LAVINDER. It is generally understood that it is only communicable upon close and prolonged contact, but this disease does spread in communities if the cases are not isolated.

Mr. WOOD. Is the disease one that is peculiar to any particular climate?

Dr. LAVINDER. No, sir; it is not peculiar to any climate, but certain races seem to be peculiarly subject to it.

Mr. WOOD. That is true of the Asiatic races?

Dr. LAVINDER. Yes, sir; although it is quite common in Norway and Sweden and in certain parts of Russia. However, certain races seem to be more subject to it than others. The native-born American is not prone to contract the disease.

NUMBER OF AMERICAN LEPERS.

The CHAIRMAN. How many cases are there of American citizens now?

Dr. LAVINDER. It has been estimated that in the United States there are about from twelve to fifteen hundred cases. There are supposed to be that many cases in the United States, but whether they are Americans or not, I can not say.

The CHAIRMAN. What is the plan that is to be followed? Is it contemplated that all of those cases in the country shall be taken over by the Government?

Dr. LAVINDER. The law is mandatory in requiring that the Government must take any cases presented, and the Government must also transport the cases to the institution. If you could isolate them, or if you could get the cases out of the communities, you would soon clean up the disease, and that would be the end of it. That has been done in some countries where they do not have this disease any more. If we could isolate all of these lepers, we could soon clean up the disease.

The CHAIRMAN. In what countries has that been done?

Dr. LAVINDER. It has been done in England and Australia. If you isolate the disease it will cease, but it is something that requires isolation.

The CHAIRMAN. How long do they live after contracting the disease?

Dr. LAVINDER. Eight or ten years. It is a very slow and chronic process.

The CHAIRMAN. Do they suffer much?

Dr. LAVINDER. No, sir; not a great deal, but the disease is very disfiguring.

Mr. WOOD. In some cases the flesh drops from the bones, does it not?

Dr. LAVINDER. Yes, sir; the nose, ears, and fingers drop off, the patients sometimes presenting a horrible sight. However, they are

not so repulsive as you might imagine. As I have said, it is a very slow chronic process. If we had the money, we would like very much to enlarge that plant out there. To be able to take care of all of these people we should expend $500,000 there. With that amount we could put in enough beds to take care of them.

The CHAIRMAN. How long would it take to do that?

Dr. LAVINDER. Not long. It could be done in just a few months if we had the money.

MONEY TO BE USED FOR OPERATING EXPENSES.

The CHAIRMAN. How much of this $200,000 will be used for administration, how much for construction, and how much for the actual care of the patients?

Dr. LAVINDER. All of it is for operating expenses.

Mr. Chairman, may I show you our cost sheet for that hospital? I want to show you the cost-accounting system that we have installed. We have been criticised a great deal for saying here that we have no figures to submit. This sheet shows our cost-accounting system for hospital service, and accompanying that are complete directions for carrying out the system. You will notice that it is divided into two parts, and this sheet I submit covers Hospital No. 66, which is the leper hospital. The statement of operating expenses is divided into five divisions here, showing salaries, material and supplies, repairs, traveling expenses, and expenses not otherwise classified. There are 14 different items of expenditure indicated here, and there are, as you can see, 70 different ways by which you can analyze the hospital expenditures. You will notice at the bottom the figures representing the number of hospital service days, and it appears that in this hospital we had 3,556 hospital-service days. The statement also shows the gross cost per patient-day, and the net cost per patient-day. That cost for this hospital is very low because of the fact that we have not the money to go on. It appears that our expenditures per patient per day are $3.11. That is the net cost per patient per day in that hospital.

The CHAIRMAN. Does that include everything?

Dr. LAVINDER. That includes everything. Under this system we make a distribution of everything in the way of costs, and we can find out easly what the cost is per day per patient. In this case by dividing the total expenditures by the number of hospital service days, or 3,556, we can get the cost per day per patient. With this information of expenditures we arrive at the gross cost, and when we deduct from that these other expenditures [indicating] it will give the net cost per patient day. Then below that we have a summary of all the transactions to date. We can prepare, if necessary, one of these sheets for every hospital in the service. Sometimes things are a little bit exaggerated, and if we check up our complete expenditures for the last fiscal year, including everything, overhead, equipment, construction, and everything else, and divide it by the number of hospital days, it shows a cost of a little less than $6 per day.

The CHAIRMAN. Does that include construction and everything?

Dr. LAVINDER. Yes, sir: that includes every expenditure we made.

The CHAIRMAN. What do you charge to the Veterans' Bureau?

Dr. LAVINDER. I think it is $3 per day.

The CHAIRMAN. I think it is more than that.

Dr. LAVINDER. $3.50 is what we charged them.

The CHAIRMAN. This cost sheet may be inserted in the record at this point.

(The matter referred to is as follows:)

United States Public Health Service Hospital No. 66, located at Carville, La.—Statement showing analysis of the total operating expenses, also the total capital expenditures, total number of patient-days relief furnished, the gross and net cost per patient-day, and the average cost per out-patient treatment furnished during the month of October, 1921.

Department.	Salaries.	Material and supplies.	Repairs and preservation of buildings.	Expenses not otherwise classified.	Total expenses by department.	Total.
Administrative	$1,556.65	$13.17		$22.81	$1,592.63	
Medical and surgical	686.25	229.05		11.62	926.92	
Nursing	522.50				522.50	
Clinical laboratory		9.13			9.13	
Department of dietetics	583.10	3,045.37			3,628.47	
Farms	94.37	7.50			101.87	
Motor vehicles	244.49	103.05	$9.46		357.00	
Laundry	105.00	3.42			108.42	
Indirect cost of supplies	67.50			492.39	559.89	
Maintenance of buildings and grounds	2,063.75	297.70	6.90		2,368.35	
General expense	852.76	54.40			907.16	
Total (gross)	6,776.37	3,762.79	16.36	526.82	11,082.34	
Transfers (cr.) [1]					16.61	
Total (net)					11,065.73	
Total operating expenses						$11,065.73
Capital expenditures: Equipment						1,292.34
Total expenditures for the month ending October, 1921						12,358.07

[1] Job orders.

Statement showing unit cost.

Total number patient days relief furnished during month	3,556
Gross cost per patient day	$3.48
Net cost per patient day	$3.11
Total number of out patient treatments furnished during month	None.
Average cost per treatment	None.

Summary of all transactions to date.

Account name.	Balances former month.		Transactions this month.		Balances to date.	
	Debit.	Credit.	Debit.	Credit.	Debit.	Credit.
Equipment	$81,152.09		$1,292.34		$82,444.43	
Live stock	1,537.99			$20.50	1,517.49	
Stores	7,357.99		2,537.18	3,219.89	6,675.28	
Vouchers payable		$33,827.68		10,169.81		$43,997.49
Purveying service		5,177.28		186.76		5,364.04
Transfer vouchers issued	579.56				579.56	
Transfer vouchers received		16,643.95		1,143.39		17,787.34
Operating expenses	33,765.42		10,994.64	16.61	44,743.45	
Inventory adjustments		48,671.43				48,671.43
Contingencies and losses		72.71				72.71
Operating income				67.20		67.20
Total	104,393.05	104,393.05	14,824.16	14,824.16	115,960.21	115,960.21

Salaries include congressional bonus in the amount of $560.

Mr. WOOD. Why does it cost more to take care of leper cases than tuberculosis cases?

Dr. LAVINDER. Leper patients require exceptional care. The cost shown here is relatively cheap, but, as a matter of fact, that will not take care of them completely, including clothing.

The CHAIRMAN. Do you provide nurses for them?

Dr. LAVINDER. Yes, sir.

The CHAIRMAN. Do they not become affected with leprosy?

Dr. LAVINDER. No, sir. At the present time we have some Sisters of Charity going in there also.

The CHAIRMAN. Do you give them extra compensation?

Dr. LAVINDER. The personnel receives full pay plus half pay. They receive one-half more than anybody else gets.

The CHAIRMAN. Is there not danger of infection to those waiting on the patients?

Dr. LAVINDER. There are some cases that have been developed in that way, but the number is very small. I think there have been two or three such cases, notably that of a Catholic priest, Father Damien, at the Honolulu Leprosorium.

PROPOSED EXPENDITURE.

The CHAIRMAN. How do you arrive at $200,000 as being the amount of money needed?

Dr. LAVINDER. I think it will be well to let Dr. Busby state that.

Dr. BUSBY. For the first six months of the year, on a very curtailed basis, we expended at the rate of $4.20 per day. It is estimated that during the last half of this fiscal year we will have 200 beds, and the administration of those beds will cost something over $160,000—that is, for the whole number we have now and 77 additional beds. There will be required to equip the present cottages we have approximately $31,000, which, added to the present per diem of $4.20, which can not be reduced, in my opinion, at the present time, at least, will amount to $200,000. In fact, it will run a little over that, but we think that possibly we can get along with $200,000.

CHARACTER OF EQUIPMENT TO BE PURCHASED.

The CHAIRMAN. What is the character of the equipment that you propose to purchase?

Dr. BUSBY. It is the ordinary equipment of a room, including dressers, beds, and window blinds. In fact, it is a matter of equipping a house for the patient to live in. They spend the rest of their lives there, and this provides homes for them. This also includes the clothing of the patients, and one of the rather expensive items is shoes.

The CHAIRMAN. Why is that?

Dr. BUSBY. In leprosy the feet become very much deformed, and they require very careful fitting of shoes. Shoes are rather expensive.

The CHAIRMAN. The shoes must be made especially for them?

Dr. BUSBY. Yes, sir; in many cases, but that does not apply to all the cases. I would like to say a word about this difference between $3.11 and $4.20: At the present time we have only two doctors

on duty, and we have seven Catholic sisters, and we are only giving domicilary care. We are not supplying hospital care, because we have not the funds with which to do that. These patients demand very careful medical and surgical treatment. We hope to be able to place our nurses and Catholic sisters so as to apply the medical and surgical treatment necessary, and enough of them to properly handle the patients.

The CHAIRMAN. Is it possible to procure any of this equipment from existing Government supplies?

Dr. LAVINDER. In the matter of equipment of any other kind, it is against the orders for us to buy anything unless it first passes through the hands of the Chief Coordinator. If he says that the supplies desired are not in existence or are not in existing Government stocks, we can buy it. There is no requisition purchased unless it goes through him.

The CHAIRMAN. Do you get better prices when you buy through the coordinator?

Dr. LAVINDER. He does not buy the supplies, but if we want something we ascertain whether it can be supplied from stock already on hand free of charge.

Mr. KELLEY. What does the War Department charge you for supplies you procure for them—the original purchase price of the materials or the current price?

Dr. LAVINDER. When we buy from them we take it at an estimated price that is a fair price, without regard to the current price. We do not always pay for things that we get from the Army. We get from the Army now a good many things free of charge. In the case of the Navy, there is a certain difference in the law, and we have to reimburse the Navy at the rate of a certain estimated cost. We do not buy from them at the market price, and it is simply a question of reimbursing their funds.

Mr. KELLEY. You are not paying war prices?

Dr. LAVINDER. No, sir. Both the War Department and Navy Department have been mighty good about it, and they have favored us wherever they could.

Mr. WOOD. Is there a farm in connection with this leper colony?

Mr. LAVINDER. There is a small one, and the patients want the employment.

Mr. WOOD. What is the proportion of leprosy as between the sexes, or is one more susceptible than the other?

Dr. LAVINDER. Not that I know of.

Mr. KELLEY. You have both men and women at this place?

Dr. LAVINDER. Yes, sir.

The CHAIRMAN. According to this statement on the pink sheet, you will have overdrawn this fund of $80,000 so that you would have $181,846 available if you got this $200,000.

Dr. LAVINDER. Yes, sir.

The CHAIRMAN. Are you sure that will carry you through?

Dr. LAVINDER. Yes, sir; the $200,000 would carry us through, or that is what we figure on. We have been urged several times to put up tents, and things like that, but we have always opposed it.

The CHAIRMAN. Do you have a record of all the cases of this sort in the United States?

Dr. LAVINDER. No, sir. If we could have a place to properly care for them, that would stimulate the health authorities in all the States who look out for the lepers. They are afraid to do so now, because they will get them on their hands, but if they find that there is a place for them, they will look them up. They are afraid to do so now, because they will get them on their hands, but if they find that there is a place for them, they will look them up. They are afraid to stir the thing up now, because they can not do anything with them.

HANDLING OF LEPER CASES.

Mr. WOOD. How do you take a leper in charge? Suppose there is a leper in a certain family, and the family is opposed to having him taken away?

Dr. LAVINDER. We can not do that. I do not think the law would permit us to do that. The law is mandatory upon us to take them when they want to come.

The CHAIRMAN. How could you segregate them if you can not take them?

Dr. LAVINDER. Our experience teaches us that the lepers will seek an asylum of this sort. Life soon becomes an absolute burden to them, because everybody shuns them, and they can not go into any community freely.

Mr. KELLEY. You have authority to segregate smallpox, have you not?

Dr. LAVINDER. Yes, sir.

The CHAIRMAN. I suppose these cases could be quarantined?

Dr. LAVINDER. The local authorities do that. They are afraid of them and drive them about.

The CHAIRMAN. If they are quarantined away from everybody, they will naturally seek an asylum like this?

Dr. LAVINDER. Yes, sir: they will want to come there. When you can isolate a couple of hundred of these people together at a place like this they are happy and contented. They are not unhappy when they can be taken care of in a place where they can have the decencies of life and be made comfortable. We are fortunate in having a commanding officer out there who is well suited for the work. He was in the leper hospital in the Philippine Islands for four or five years. He is an attractive man personally and all of the patients like him. He puts a good spirit in them, and they are happy and contented.

ST. LOUIS LEPERS.

Mr. KELLEY. What about the St. Louis cases?

The CHAIRMAN. There are several cases in St. Louis about which they are very much concerned, and we have had some correspondence with the people out there. I understand that they have also been in correspondence with the Public Health Service.

Dr. LAVINDER. Yes, sir.

The CHAIRMAN. The correspondence that I have had [illegible] leads me to believe that it is the purpose to take t[illegible] home as soon as the money is available.

Dr. BUSBY. Yes, sir; we are trying to be as impartial as possible in going over the applications on file, and the St. Louis lepers are among the first on the file.

PERCENTAGE OF APPROPRIATION SET ASIDE.

Mr. BYRNS. Doctor, I understood you to say a while ago that you set aside about 10 per cent of the appropriation under this act?

Dr. LAVINDER. Yes, sir.

Mr. BYRNS. Was that at the beginning of the fiscal year?

Dr. LAVINDER. No, sir; that was done since Gen. Dawes organized the Budget Bureau. When he organized the Budget Bureau, he called the departments together and said that he expected everybody to make some reduction in their expenditures and to set aside a certain amount that could be saved.

Mr. BYRNS. Did that apply to the lump-sum appropriations as well as the appropriations under this act?

Dr. LAVINDER. It applied to the total.

Mr. BYRNS. You say that that money is still available. Do you expect to spend it?

Dr. LAVINDER. We hope not.

Mr. BYRNS. You are not doing that now?

Dr. LAVINDER. No, sir.

Mr. BYRNS. What are your expectations as to that?

Dr. LAVINDER. So far as this appropriation is concerned, we hoped to be able to live within it without spending that money. We have not touched it.

Mr. BYRNS. You have not touched it?

Dr. LAVINDER. This $200,000 would come out of it.

Mr. BYRNS. How about the other funds set aside?

Dr. LAVINDER. I can not say about the other funds. They do not come under my supervision.

Dr. CREEL. We had to ask for the release of $25,000 that we proposed to save out of pay of personnel and $7,500 out of field investigations.

Mr. BYRNS. That money, of course, is still available if you need it?

Mr. HUDDLESON. Yes, sir; but we will not spend it unless it is absolutely necessary.

The CHAIRMAN. By this estimate you would expend $200,000 of it?

Mr. HUDDLESON. Yes, sir.

The CHAIRMAN. That will not be replaced?

Mr. HUDDLESON. No, sir; we can not replace it.

The CHAIRMAN. You do not know whether you will have to take it all or not?

Mr. HUDDLESON. Not unless something unforeseen comes up. We figured that very carefully.

The CHAIRMAN. Do you propose to continue to save $400,000 anyhow, regardless of this $200,000?

Mr. HUDDLESON. My understanding was that this $200,000 would come out of the $400,000 that we proposed to save.

Mr. KELLEY. You have the legal authority to use that $400,000 that you are proposing to save?

Dr. LAVINDER. Yes, sir.

Mr. KELLEY. Then, why should you bother us with that?

Dr. LAVINDER. We have not the authority to use it for this purpose.

Mr. KELLEY. You want more money for this purpose?

Dr. LAVINDER. Yes, sir.

Mr. KELLEY. And you want to take it out of the $400,000 that you are proposing to save from other purposes?

Dr. LAVINDER. Yes, sir. I would like to add this, that the cost accounting system shows a cost of $3.11 per day, which is too low, and that is because we have not the money. It should be about $4.20 per day.

Mr. KELLEY. I think you stated that awhile ago.

Dr. LAVINDER. I wanted to make that point clear.

Mr. KELLEY. How did you make this saving of 10 per cent?

Dr. LAVINDER. When they told us to cut it, we simply took our allotments and cut them accordingly and tried to live within the amount as reduced. Of course, the money is still available.

Mr. BYRNS. Is not the situation, then, this—that under that order something like $400,000 has been withdrawn or taken away from you or withheld, and now you are asking for $200,000 more?

Mr. LAVINDER. No, sir; we are asking for $200,000 out of that $400,000.

Mr. HUDDLESON. We did that at the request of Gen. Dawes's commission. In this case we do not want the money, but we only want the limitation in the appropriation charged so that the limitation of $80,000 will be $280,000.

Mr. BYRNS. Then, as a matter of fact, if the estimates submitted by the bureau are allowed by the committee it will amount to an appropriation of $200,000 in addition to the $400,000 that is being withheld?

Mr. HUDDLESON. On the basis of the estimates; yes, sir; but my understanding is that we are not to request $200,000, but are simply to request a change in the wording of the appropriation.

Mr. KELLEY. In purchasing supplies for the Public Health Service, what do you say about the prevailing market price now as compared with the market price prevailing at the time you prepared your estimates? There has probably been a decline of more than 10 per cent?

Dr. LAVINDER. I would not like to say how much the figures have declined.

Mr. KELLEY. Is it not probable that the budget commissioner at the time you were making the suggestion was working on the basis of the decline in prices?

Dr. LAVINDER. It may have been.

Mr. HUDDLESON. I think he said after a time—not then—but that he expected a decline during the year.

Mr. KELLEY. And the 10 per cent cut would give you just as much money as you expected to use at the time the appropriation was made.

QUARANTINE SERVICE.

The CHAIRMAN. For the quarantine service you are asking for $389,000, which is in addition to the $350,000 you already have?

Dr. CREEL. Yes, sir.

The CHAIRMAN. Be kind enough to tell us the necessity for this?

Dr. CREEL. Mr. Chairman, for a number of years we have f lowed the practice of using repayments from fees collected for t subsisting of crews and passengers held in quarantine and for t chemicals used in the fumigation of vessels; and in the various es mates sent to Congress we have never taken into consideration th two items, assuming that they would be taken care of automatical whether the expenditure be large or small. For instance, a ye ago, when we were collecting data as to the cost of operating t New York quarantine station, we wrote to the officer in charge that time, asking specifically what his cost of maintenance was, ar got the figure of $347,000, but he stated at that time, "It must b borne in mind that $250,000 of this item was spent for additional su sistence at Hoffman Island for crews and passengers."

We submitted an estimate for the maintenance at New York, ask ing only for $100,000, assuming then that whatever we collected fo subsistence issued to crews and passengers would reimburse the ap propriation and the total amount would be taken care of. Las spring the comptroller ruled that that was illegal and improper and should be discontinued. This deficiency is requested in order to permit the operation of the quarantine stations with the fees going into the General Treasury.

The CHAIRMAN. You have not half the immigration this year that you had last year?

Dr. CREEL. Mr. Chairman, quarantine activities are affected not only by immigrants but also returning naturalized citizens and native travelers. The chief item is the inspection of the ships and crews. That is to say, the crews coming into New York Harbor probably are as great in number throughout the year as incoming immigrants.

As soon as we received the decision of the comptroller we came to this committee last year and asked for a deficiency to operate the New York quarantine station—$285,000 in amount. We expended only $250,000, turning back $35,000; but we collected in fees $350,000. In other words, the Government's net profit for that four months was $100,000.

FEES FOR QUARANTINE INSPECTION.

(See p. 486.)

Mr. KELLEY. You get fees for the quarantine inspection?

Dr. CREEL. The last Congress provided that fees should be charged.

Mr. KELLEY. From the passengers?

Dr. CREEL. No; for the ships, for service rendered. The fees are for the fumigation of vessels, for the inspection of vessels, the inspection of passengers, for vaccination, and for the subsisting of such passengers and crews as are held in quarantine. The situation, of course, would be automatically cared for if we had authority to use the fees for subsisting passengers and crews and for the fumigation. That would still permit the collecting of fees for the inspection of vessels and passengers, which would go into the General Treasury and which would probably amount to $300,000.

The CHAIRMAN. You do collect the fees now?

Dr. CREEL. Yes, sir.

The CHAIRMAN. You used to use them?

Dr. CREEL. Yes, sir.

The CHAIRMAN. Now you can not?

Dr. CREEL. No, sir.

The CHAIRMAN. When did that section go into force?

Dr. CREEL. Shortly before the beginning of the fiscal year the decision of the comptroller was rendered. It really applied to New York alone; but we felt, of course, that the principle applied to any other station and felt that it would only be the proper thing to take it up with this committee.

NEW YORK QUARANTINE STATION.

The CHAIRMAN. When did you take over the New York quarantine station?

Dr. CREEL. The 1st of March.

The CHAIRMAN. The State operated it up to that time?

Dr. CREEL. Yes, sir.

The CHAIRMAN. We really had nothing to do with the cost of operating the quarantine station?

Dr. CREEL. Not before the 1st of March.

The CHAIRMAN. Have we taken over any other ports?

Dr. CREEL. New York was the last quarantine station to be taken over; all the others had previously been transferred to Federal control.

The CHAIRMAN. How much does the New York quarantine station add to the cost; what is the percentage of arrivals at New York?

Dr. CREEL. I would have to give that by simply estimating on a basis of averages. For the last four months of the past fiscal year the operations cost $250,000; that would be a million dollars per annum.

The CHAIRMAN. That is the cost?

Dr. CREEL. That would have been the cost of operation, but it included salaries. It will not run on that basis during the entire year, but on that basis it would be about a million dollars. The quarantine operations are much heavier in the winter months, because we get more diseases at quarantine stations and there are more infected vessels coming in during the winter.

The CHAIRMAN. Have there been any economies effected since the Government took control?

Dr. CREEL. Yes, sir. We have reduced the number of employees from 300 to 230 and expect to continue the reduction as soon as we get the system adjusted. Of course, there are some practices which have been in vogue which will have to be gradually adjusted. I think within the next year probably we will be able to reduce to 200 from the original 300 employees.

The CHAIRMAN. That is, 200 will do what the 300 did?

Dr. CREEL. Yes, sir; I think so.

The CHAIRMAN. Has there been any increase or decrease in the compensation of the men?

Dr. CREEL. We took the employees over at the same rate of pay they received from the State. There has been some readjustment in the fumigation crew in order to provide for an incentive for efficiency and promotion. We have created position of first and second class fumigators. That is rather hazardous work, because they use cyanide gas, which is highly poisonous. So we have adjusted the compensation, and there may be a 20 per cent increase in pay with some reductions in the lower grades. Outside of that there has been no change in compensation, except that the officer in charge now receives $4,000 per annum instead of $12,500 previously paid under State control.

The CHAIRMAN. Is the quarantine service more effective under Government control than under State control?

Dr. CREEL. We think so, Mr. Chairman. It is a difference of opinion. Under Federal control quarantine administration is a profession of the quarantine officer and they follow it as a life-long calling, and under State control they change with the administration.

The CHAIRMAN. Under State control did the Federal Government pay the cost?

Dr. CREEL. Under State control they paid the cost and collected the fees.

The CHAIRMAN. Now we pay all the expenses and take the fees?

Dr. CREEL. Yes, sir.

The CHAIRMAN. And you say that the fees are more than sufficient to reimburse the cost?

Dr. CREEL. I say that in the first four months which the Government operated the station there resulted a profit of $100,000 over and above expenses.

Mr. BYRNS. You are speaking of this particular station?

Dr. CREEL. The New York quarantine station.

Mr. BYRNS. There was a provision inserted in a deficiency bill, I think, which required fees at the other stations?

Dr. CREEL. Yes, sir.

Mr. BYRNS. What about the increase of revenue derived from those stations?

Dr. CREEL. They will not be as profitable. For instance, a port like Savannah will never be profitable on the basis of the same fees as New York, because you have a continuous overhead charge, and the number of vessels is much smaller. At New York there is a smaller margin between the overhead and fees.

Mr. BYRNS. Do you think that the fees at that port will ever be as profitable?

Dr. CREEL. I do not know; I doubt it.

The CHAIRMAN. The fees are uniform.

Dr. CREEL. They are uniform as far as inspection and uniform in every way that you can make them uniform. Possibly the fumigation fees will vary. The fumigation charge at Cape Charles quarantine station will be smaller, because the charges are based on the cost to the Government, and their operating expenses are smaller because the vessels are fumigated at the roadstead, right off the quarantine wharf, and by the employment of smaller fumigating vessels. In New York they have some distance to travel, and they use tugs. So proportionately the cost will be higher in New York than at Cape

Charles, but the cost of the chemicals is the same. We charge so much for the chemicals and so much for labor—$1 an hour for labor. The transportation charges will vary according to the distance of travel.

The CHAIRMAN. Have you given any thought to the wisdom of making the charges vary according to the cost of the overhead?

Dr. CREEL. The transportation is based on that. Do I understand, Mr. Chairman, that you mean the entire cost of the operation of the station?

The CHAIRMAN. Yes, sir. The cost of the overhead in a place where there are not many vessels would be, of course, greater than the cost of the overhead where there are a great many vessels?

Dr. CREEL. We have not given any serious thought to that.

The CHAIRMAN. Would it not be a good idea to work that out, so as to make it as near self-sustaining as possible?

Dr. CREEL. We might be able to do that.

The CHAIRMAN. It seems to me that the overhead should bear the same relation to the total cost in each case.

Mr. KELLEY. Would not that have a tendency to drive the ships away?

Dr. CREEL. It would, undoubtedly.

The CHAIRMAN. That should not be done.

Dr. CREEL. It would result in very many protests, because we would have to make a discrimination as to the inspection fee. The inspection of a vessel in New York might be $10 and at Savannah $100 or $150.

The CHAIRMAN. Be kind enough to tell us how you arrive at $389,000 as the correct figure.

Dr. CREEL. It was simply a question of averages for the cost of operation for the six months, the last three months of the past fiscal year and the first three months of the current fiscal year.

The CHAIRMAN. Assuming a certain number of vessels?

Dr. CREEL. Yes, sir; and assuming the same operating expenses. The estimate for the last three months of the past fiscal year undoubtedly will be too high, and the estimate for the first three months of the present fiscal year will undoubtedly be too low, because the heavy operating expenses comes in the winter months. The average monthly operating expenses at the New York quarantine station, from March 1 to September 30, was $27,000 a month, an annual rate of $324,000. The expenditures of the quarantine system, which includes about 89 stations, all the stations in the United States and the insular possessions, other than New York, for the six months' period referred to, will be at the anual rate of $420,000.

The CHAIRMAN. That includes all—New York and all?

Dr. CREEL. The $420,000 is exclusive of New York. That is in contrast with $500,000 last year. In other words, we estimate that we will probably spend $80,000 less for the quarantine system, exclusive of New York.

Mr. KELLEY. You do not have any stations except on the seaboard or the frontier; no interior stations like at Chicago or Detroit?

Dr. CREEL. No, sir; they are all on the seaboard and at the international boundaries. Those two sums will total $744,000, with available appropriation of $350,000.

The CHAIRMAN. How much did you allot of this $350,000 appropriated to New York?

Dr. CREEL. The allotment was not made by stations, but the allotment for the first quarter—Mr. Chairman, you mean of the new appropriation?

The CHAIRMAN. Yes, sir.

Dr. CREEL. It was not allotted by stations. We allotted for the entire quarantine system $128,000 for the first quarter.

Mr. KELLEY. About what part of that would go to New York?

Dr. CREEL. We have estimated that New York for the entire fiscal year will probably expend $27,000 a month.

Mr. KELLEY. How much did you allot for the quarter?

Dr. CREEL. $128,000.

The CHAIRMAN. That would be $324,000 for the year, $27,000 a month?

Dr. CREEL. That is for New York alone.

The CHAIRMAN. That is what I say.

Dr. CREEL. It may be that we will spend more and it may be we will spend less. It all depends on the number of vessels at New York. One vessel alone at New York with typhus last March cost us $54,000 before we got rid of her.

Mr. KELLEY. Something more than half would go to New York?

Dr. CREEL. Less than half.

Mr. KELLEY. $324,000 out of $744,000—yes, less than half.

Dr. CREEL. Mr. Chairman, the $744,000 would include $324,000.

The CHAIRMAN. Yes, sir.

FEES FOR QUARANTINE INSPECTION.

(See p. 482.)

Mr. BYRNS. Going back to the subject of fees, it was provided in a deficiency bill that the Secretary of the Treasury should fix such fees as would be fair and reasonable for services rendered by each station. As I understand, you do not construe that to mean that the fees shall be sufficient at each of the stations to take care of itself?

Dr. CREEL. No, sir. We construe another law in connection with that: that there shall be no discrimination in administration which would tend to drive commerce from one port to another.

Mr. BYRNS. I can appreciate that. You referred to Savannah, which is a small station?

Dr. CREEL. Yes, sir.

Mr. BYRNS. I was wondering if the large stations like Boston, Philadelphia, Baltimore, or Norfolk would ever pay for themselves under the fees?

Dr. CREEL. I think that stations like New York, Philadelphia, Boston, San Francisco, and Portland, Oreg., will take care of themselves, and Baltimore also if the commerce picks up, but at present the latter will not.

Mr. BYRNS. You spoke of there being a greater revenue and outgo at the New York station. Will this excess of revenue derived from some of these large stations serve to pay the expenses of the whole service?

Dr. CREEL. That is a question. On the basis of the expenditures and income of the last quarter of the fiscal year 1921 the entire quarantine system would be self-supporting. When there is a lessening in the number of vessels to be fumigated and a lessening in the number of ships to be inspected the revenue drops without any commensurate reduction in the overhead charge. I doubt it very much—it is merely an impression—if year in and year out the fees will cover all the cost of the quarantine system.

Mr. BYRNS. I appreciate what you say and the reason why there should be no discrimination so far as ports are concerned, but is it not possible to promulgate fees which will pay for the service?

Dr. CREEL. Of course, on the one hand the law provides for service rendered, and the inspection of a vessel is a service rendered, but no greater service at Savannah or New Orleans than it would be at New York, and if you increased the fee you would charge more for rendering the same service.

Mr. KELLEY. If you made the fee high enough to take care of Savannah it would be too high in New York.

Mr. BYRNS. That would not be necessary if you made the fees general enough over all the stations to pay for the service. Of course, that might entail raising the fees at New York and Boston.

Dr. CREEL. Say 20 per cent; something like that.

Mr. BYRNS. Is there any reason why that should not be done so the fees would be made sufficient to pay for the service?

Dr. CREEL. No; I see no reason why it should not be done. Of course, all of these vessels pay tonnage dues, and my impression is that originally the tonnage dues was to cover all the service rendered at the port.

Mr. ANTHONY. What is the fee for inspection?

Dr. CREEL. $10 a vessel.

Mr. ANTHONY. Irrespective of size?

Dr. CREEL. No; over 500 tons, $10, and under 500 tons, $5; the latter refers to schooners and small vessels.

The CHAIRMAN. When the tonnage dues were fixed there was no scientific treatment similar to that given the ships now?

Dr. CREEL. There was rather an expensive quarantine system.

AMOUNT PAID FOR STATIONS TAKEN OVER.

The CHAIRMAN. Have you any record in your office of what was paid for each of these stations when we took them over?

Dr. CREEL. I have, Mr. Chairman. The annual report of the service for the fiscal year 1920 had in it a list, and I can supply that very easily.

Station.	Date of acquisition.	Purchase price.	Act of Congress.
Eastport, Me	1912	No property involved	Sundry civil act, approved Aug. 24, 1912.[1]
Portland, Me	1903	$52,000	Sundry civil act, approved Mar. 3, 1903, and sundry civil act, approved June 30, 1906.[2]
Boston, Mass	1917	$150,000	Sundry civil act, approved July 1, 1916.
Providence, R. I	1912	None; no property involved.	Sundry civil act, approved Aug. 24, 1912.[1]
Perth Amboy, N. J	1905	No property involved	Sundry civil act, approved Mar. 3, 1905.[1]
New York [3]		$1,395,275	Sundry civil act, approved June 5, 1920.
Delaware Breakwater, Del	1892		Sundry civil act, approved Mar. 3, 1891.
Reedy Island, Del	1893	Transferred from Army	Sundry civil act, 1895.[1]
Delaware River (Marcus Hook, Pa.)	1919	Leased	Sec. 8, act approved Feb. 15, 1893.
Alexandria, Va	1907	No property involved	Sundry civil act, approved Mar. 4, 1907.
Baltimore, Md.[3]		$176,775	Sundry civil act, approved June 5, 1920.
Cape Charles, Va	1889	$112,000 [4]	Aug. 1, 1888.
Cape Fear, N. C	1894	$25,000 [4]	Sundry civil act, approved Aug. 18, 1894.
Newbern, N. C	1908	No property involved	Sundry civil act, approved Mar. 4, 1907.[1]
Washington, N. C	1908	Nominal; no property involved.	Do.
Georgetown, S. C	1908	do	Do.
Charleston, S. C	1908	do	Do.
Beaufort, S. C	1908	do	Do.
Port Royal, S. C	1908	do	Do.
Savannah, Ga	1900	$20,000	Sundry civil act, approved June 6, 1900.
Darien, Ga	1916	No property involved	Sundry civil act, approved July 1, 1916.[1]
Brunswick, Ga	1903	$20,000	Sundry civil act, approved June 6, 1900, also Mar. 3, 1903.
Fernandina, Fla	1903	$5,000	Sundry civil act, approved June 28, 1902.
Mayport, Fla	1903	$2,350	Do.
Miami, Fla	1903	$23,600	Do.
Boca Grande, Fla	1903	$3,500	Do.
Key West, Fla	1900	(5)	Act approved June 6, 1900.
Tampa, Fla	1900	(5)	Do.
Port Inglis, Fla	1903	No property involved	Sundry civil act, approved Mar. 4, 1909.[1]
Cedar Key, Fla	1903	do	Sundry civil act, approved June 28, 1902.[1]
Punta Rassa, Fla	1903	do	Sundry civil act, approved June 28, 1902.[1]
St. Georges Sound, Fla	1903	do	Do.
St. Joseph, Fla	1903	do	Sundry civil act, approved Aug 24, 1912.
St. Andrews, Fla	1903	do	Do.
Pensacola, Fla	1903	$30,600	Sundry civil act, approved June 28, 1902.
Mobile, Ala	1907	$18,000	Special act, approved June 19, 1906.
New Orleans, La	1909	$100,000	Do.
Pascagoula, Miss		No property involved	Sundry civil act, approved Mar. 4, 1909.[1]
Gulf Quarantine, Miss		$45,000	Special act, approved Aug. 11, 1883; also Mar. 5, 1888.
Sabine, Tex.[3]			
Orange, Tex.[3]			
Beaumont, Tex.[3]		$90,071	Sundry civil act, approved June 5, 1920.
Port Arthur, Tex.[3]			
Port Aransas, Tex.[3]			
Galveston, Tex	1911	(4)	Special act, approved June 19, 1906.
Eagle Pass, Tex		No property involved	Sundry civil act, approved Aug. 24, 1912.[1]
El Paso, Tex		do	Do.

[1] First appropriated for maintenance.
[2] Includes improvements to be made in addition to purchase price.
[3] Actual transfer of title not accomplished on Sept. 1, 1920, although in process.
[4] Original establishment.
[5] Original appropriation for establishment provided $125,000 for Key West and Tampa (Mullet Key).

Station.	Date of acquisition.	Purchase price.	Act of Congress.
San Diego, Calif.	1888	$55,500	Special act, approved Aug. 1, 1888; sundry civil act, approved June 28, 1902.[2]
San Pedro, Calif.		No property involved	Sundry civil act, approved June 30, 1906.[1]
Santa Barbara, Calif.		do	Do.
San Francisco, Calif.	1888	$103,000	Special act, approved Aug. 1, 1888.[4]
Monterey, Calif.		No property involved	Sundry civil act, approved Aug. 24, 1912.[1]
Port Harford, Calif.		do	Sundry civil act, approved Mar. 4, 1907.[1]
Fort Bragg, Calif.		do	Do.[1]
Eureka, Calif.		do	Sundry civil act, approved June 30, 1906.[1]
Columbia River, Oreg., quarantine.	1899	$30,000	Sundry civil act, approved July 1, 1898.[4]
Florence, Oreg.		No property involved	Sundry civil act, approved Mar. 4, 1907.[1]
Newport, Oreg.		do	Do.
Coos Bay, Oreg.		do	Do.
Gardner, Oreg.		do	Do.
Port Townsend, Wash.	1888	$55,500	Special act, approved Aug. 1, 1888.[4]
Honolulu, Hawaii	1900	$50,000	Special act, approved Apr. 3, 1900; sundry civil act, approved June 28, 1902; sundry civil act, approved Mar 3, 1902; sundry civil act, approved June 6, 1900.
Hilo, Hawaii			Do.
Kahului, Hawaii			Do.
Lahaina, Maui, Hawaii			Do.
Koloa, Hawaii			Do.
Mahukona, Hawaii			Do.
Makawell, Hawaii			Do.
Kihei, Hawaii			Do.
San Juan, Porto Rico	1900	$49,700	Special act, approved Apr. 12, 1900; sundry civil act, approved June 6, 1900; sundry civil act, approved Mar. 4, 1909; sundry civil act, approved June 4, 1910.
Ponce, Porto Rico			Do.
Aguadilla, Porto Rico			Do.
Arecibo, Porto Rico			Do.
Arroyo, Porto Rico			Do.
Central Aguirre, Porto Rico			Do.
Humacao, Porto Rico			Do.
Mayaguez, Porto Rico			Do.
Fajardo, Porto Rico			Do.
Guanaca, Porto Rico			Do.
St. Thomas, Virgin Islands	1917	No property involved	Executive order, Sept. 27, 1917.
Frederiksted, Virgin Islands			Do.
Christiansted, Virgin Islands			Do.
Philippine Islands, quarantine system.	1900	None involved	Executive order.

[1] First appropriated for maintenance.
[2] Includes improvements to be made in addition to purchase price.
[4] Original establishment.

The CHAIRMAN. Please supply it for the record.

Dr. CREEL. Yes, sir.

The CHAIRMAN. How many still remain in the control of the States?

Dr. CREEL. There is none.

The CHAIRMAN. How about Philadelphia?

Dr. CREEL. No, sir. They own a quarantine station, but have abandoned their quarantine functions and the service operates it.

The CHAIRMAN. We have taken over their station?

Dr. CREEL. Yes sir.

The CHAIRMAN. For operation purposes?

Dr. CREEL. Yes sir.

The CHAIRMAN. We are not required to buy it?

Dr. CREEL. No; it would hardly be justifiable, because we have a station at Philadelphia and we simply use the State plant for inspection purposes.

STATEMENT SHOWING VARIOUS FEES FOR SERVICE.

Mr. BYRNS. Would it be possible for you to file with the record a statement showing the various fees which have been promulgated for this service?

Dr. CREEL. Yes, sir. The fees for New York, I might say, were specifically continued in force by this act of Congress, the same fees that the State charged.

RATES TO BE CHARGED FOR SERVICES PERFORMED AT NATIONAL QUARANTINE STATIONS, EXCLUSIVE OF NEW YORK.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, June 27, 1921.

1921. Department Circular No. 243. Public Health Service.

To quarantine officers and others concerned:

The act approved June 16, 1921, making appropriations to supply deficiencies in appropriations for the fiscal year ending June 30, 1921, and prior fiscal years, and for other purposes, provides that "On and after July 1, 1921, the Secretary of the Treasury is authorized and directed to promulgate such a schedule of fees to be charged vessels at each of the national quarantine stations as will be fair and reasonable for the services rendered by each station."

Pursuant to this authority the following rates are hereby prescribed as supplementing the provisions of Department Circular No. 207, 1920, applying to charges for fumigation, etc.:

Schedule of charges.

1. (*a*) For inspection of any vessel of less than 500 tons, registered gross tonnage	$5.00
(*b*) For inspection of any vessel in excess of 500 tons, registered gross tonnage	10.00
(*c*) For inspection of any vessel after sunset (night boarding), additional to (*a*) and (*b*)	10.00
2. Medical inspection of passengers:	
(*a*) For the first 100 or fraction thereof	5.00
(*b*) For every additional 100 or fraction thereof	3.00
3. Detention services (including subsistence, housing, and treatment):	
Per diem charge for steerage passengers and members of crew	2.00
Per diem charge for cabin passengers	3.00
When less than two meals are furnished, one-half per diem rate shall be applied, and one-half rate shall also apply to children of less than 6 years of age.	
4. Vaccination per individual	.25

These rates shall be effective on July 1, 1921, and thereafter until changed. Quarantine officers, upon completion of services rendered, shall compute the total cost thereof and send a statement to the collector of customs at the port where the vessel enters.

Collectors upon receipt of such statement will require payment of said charges by the master or agent of the vessel and will account for the amounts collected under the item "Quarantine fees."

A. W. MELLON,
Secretary of the Treasury.

RATES TO BE CHARGED FOR THE FUMIGATION AND DISINFECTION OF VESSELS FROM FOREIGN PORTS AT NATIONAL QUARANTINE STATIONS.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, October 14, 1920.

1920. Department Circular No. 207. Public Health Service.

To quarantine officers and others concerned:

The act approved April 17, 1917, making appropriations to supply deficiencies in the appropriations for the fiscal year ending June 30, 1917, and for prior fiscal years, and for other purposes, provides that "hereafter the cost of fumigation and disinfection shall be charged vessels from foreign ports at rates to be fixed by the Secretary of the Treasury."

Pursuant to said provisions the following rates are hereby prescribed for the fumigation and disinfection of vessels from foreign ports at national quarantine stations:

Unit charge per 1,000 cubic feet of space.

	Atlantic and Gulf coast stations.	Pacific coast and insular possessions.
Cyanide fumigation	$0.145	$0.145
Sulphur fumigation	.160	.130

	Per vessel.
Charge for supervision	$1.00
Charge for labor at $1 per hour per man	
Transportation of material	
Loss of or injury to equipment	

Transportation of material shall be charged for at the actual cost to the Government when transportation is made overland. When made on Government station launch or vessel, charges will vary according to the distance traversed and based upon daily operating cost of such vessel.

Charges made for loss of or injury to equipment will depend upon the character of equipment and the amount of loss or extent of damage, and shall be based on the market value of such item.

These rates shall be effective on December 1, 1920, and thereafter until changed. Quarantine officers, upon completion of each fumigation, shall compute the total cost thereof and send a statement to the collector of customs at the port where the vessel enters.

Collectors, upon the receipt of a statement showing the cost of the fumigation and disinfection of vessels in accordance with the foregoing, will require payment of said charges by the master of the vessel and will account for the amounts collected under the item "The Fumigation and Disinfection of Vessels."

D. F. HOUSTON,
Secretary of the Treasury

TREASURY DEPARTMENT,
Washington, November 10, 1920.

Medical Officers in Charge,
United States Quarantine Stations, and others concerned.

SIRS: In interpretation of department circular No. 207, you are advised as follows:

The "charge for supervision" applies only to supervision by a medical officer, and other services, representing laborers (attendants) or inspectors shall be calculated at the rate of $1 per hour per man.

In estimating the actual cost for transportation officers in charge of stations shall first determine the average daily cost of the tug, launch, automobile, or other vehicles utilized, based on the monthly cost of maintenance, and this

shall include salaries paid to the operating personnel, fuel, and miscellaneous supplies, but will not include repairs. The average daily cost shall apply to the period from sunrise to sunset, and charge shall be made for the number of hours which the launch or automobile is absent from the station. The time consumed in transporting the material from station to the ship and return to the station shall include delays caused by agents or masters.

Charges for loss or injury to equipment will necessarily depend upon the character of such damage or loss, based upon the replacement value at the time of rendering bill.

Respectfully,

H. S. CUMMING, *Surgeon General.*

Mr. BYRNS. For how long?

Dr. CREEL. Indefinitely.

Mr. KELLEY. Was that a condition of the sale?

Dr. CREEL. A condition in the act making the appropriation.

Mr. SISSON. While there is no objection, at the same time we had no experience except to take what the local authorities said the income would be. I think maybe some one was extravagant as to what the income would be when we took them over and that the fees should be increased. Everything else is increased—the salaries of the men doing the work are increased. At the time we took them over things were very much cheaper than now.

Dr. CREEL. The first four months of operating the New York station the revenue exceeded the expenditures by $100,000.

Mr. SISSON. When you first took it over?

Dr. CREEL. The first four months—March, April, May, and June—last spring. We only took it over last March.

Mr. BYRNS. This provision provides that the Secretary of the Treasury shall promulgate fees which are fair and reasonable for the service.

The CHAIRMAN. In each case.

Mr. BYRNS. In each case. If the expenses should increase, for instance, you would not construe the action which was taken at the time the New York station was taken over, which said, in effect, that the fees should be continuing, as binding on the Government or upon the bureau and prevent them from increasing the fees?

Dr. CREEL. We would consider that provision as preventing us from either increasing or changing them in any respect, but not if some amendment were made so as to give the Secretary of the Treasury the same discretion which he has with respect to other stations.

Mr. BYRNS. Suppose it should develop that those fees were not fair and reasonable for the service rendered?

Dr. CREEL. I do not see how we can make any change so far as New York is concerned.

The CHAIRMAN. I think that law was simply to apply for the time. Here is what that law said:

On and after July 1, 1921, the Secretary of the Treasury is authorized and directed to promulgate such a schedule of fees to be charged vessels at each of the national quarantine stations as will be fair and reasonable for the services rendered by each station: *Provided*, That this authority shall not be applicable to any quarantine station where the fees are now fixed by law.

That is for New York?

Dr. CREEL. Yes, sir.

The CHAIRMAN. That is not binding forever. The only purpose of that, as I understand, was to see that New York was not made a free quarantine port.

Dr. CREEL. Would you say, Mr. Chairman, that we could disregard that so far as proposing an increase or decrease of fees at New York is concerned?

The CHAIRMAN. I do not think you could increase or decrease the fees under the present law.

Dr. CREEL. Under the preceding law?

The CHAIRMAN. Here is what the law says:

The schedule of fees and rates of charges in effect at the New York quarantine station at the time of the transfer of the title thereto to the United States shall be adopted and promulgated by the Secretary of the Treasury as the schedule of fees and rates of charges for the operation of the said station under the jurisdiction of the United States.

That was a part of the agreement in taking the station over. I do not understand that that was intended to be made forever.

Mr. KELLEY. Congress has the power, but not the department.

Dr. CREEL. That is what I assume. For instance, they have a system of charging so much for the fumigation of each compartment—that is to say, $2. Perhaps that is rather extortionate where in general we charge so much per thousand cubic feet. That includes the estimated cost of the chemicals. Then we charge so much per hour for the labor.

Mr. SISSON. At the New York office?

Dr. CREEL. In general. In the port of New York, as far as the holds of the vessels are concerned, but when you come to fumigating a large number of staterooms they charge $2 for each stateroom, which, in comparison with the other service rendered, is exorbitant. It is not fair.

Mr. SISSON. How are the fees running up there as compared with your expenses in New York?

Dr. CREEL. For the first three months of current fiscal year they ran over $100,000.

Mr. SISSON. You told us that. How are they running now?

Dr. CREEL. I previously said that for the first four months of the last fiscal year the fees were $350,000.

Mr. SISSON. You have had no reports submitted to you?

Dr. CREEL. For the first three months of this year it has been something over $100,000.

PREVENTION OF EPIDEMICS.

The CHAIRMAN. The next item is a deficiency of $1,000 for 1920. Tell us how that occurred.

Mr. HUDDLESON. The entire item is for freight and express charges; $690.52 has been settled by the auditor, and is in the Division of Bookkeeping and Warrants ready to be settled by warrant when money is available; $7.20 worth of bills are in the bureau.

The CHAIRMAN. And so far as you know that is all there will be?

Mr. HUDDLESON. So far as I know, that is all there will be, although others may come in later. We can not tell a thing about it. This expense is for laboratory supplies; guinea pigs; rat traps, steam hose, and things of that kind used in epidemic work.

The CHAIRMAN. For experimental purposes?

Mr. HUDDLESON. Yes, sir.

The CHAIRMAN. And the total amount of that is how much?

Mr. HUDDLESON. $697.72.

The CHAIRMAN. And if we appropriate that amount it will cover everything you actually know about at this time?

Mr. HUDDLESON. Yes, sir. Mr. Chairman, I would like to correct one impression. I made the statement a while ago that we were charging $3.50 per day per patient for hospital care.

The CHAIRMAN. To the Veterans' Bureau. It is more than that?

Mr. HUDDLESON. Yes. The actual per diem cost less capital expenses is about $3.66 a day, but the $3.50 to which I referred is the figure we use for adjusting purposes. We charge them $3.50 per day for their patients treated in the old marine hospitals, and we pay them $3.50 a day for marine patients treated in public-health hospitals.

MONDAY, NOVEMBER 14, 1921.

OFFICE OF THE SUPERVISING ARCHITECT.

STATEMENTS OF MR. JAMES A. WETMORE, ACTING SUPERVISING ARCHITECT, AND MR. JOHN H. SCHAEFER, ACTING SUPERINTENDENT MAINTENANCE DIVISION.

POST OFFICE AT SANTA FE, N. MEX.

The CHAIRMAN. For the post office at Santa Fe, N. Mex., you are asking $61,500. That is "for continuation (site and building)." What is the limit of cost on this building and when was it authorized? Has the site been purchased?

Mr. WETMORE. The site is purchased and the contract for the building is in force. The limit of cost is $295,000.

The CHAIRMAN. How much has been appropriated?

Mr. WETMORE. $190,500 has been appropriated.

The CHAIRMAN. Will you build it within the limit of cost?

Mr. WETMORE. We are within the limit. The total contract will run about $239,000.

The CHAIRMAN. Will this complete the work?

Mr. WETMORE. Yes, sir. The contract should be at this time 59 per cent done, and the contract is 70 per cent completed. The contractor is ahead of his time. The contract time for completion is February, and this money will be needed in order to pay all the obligations.

The CHAIRMAN. Will he finish by February?

Mr. WETMORE. Yes, sir; he is ahead of his contract time now.

The CHAIRMAN. This is for completion?

Mr. WETMORE. Yes, sir.

The CHAIRMAN. And not for continuation?

Mr. WETMORE. No, sir; this will complete the building.

The CHAIRMAN. You would not mind if we said here "completion" instead of "continuation"?

Mr. WETMORE. No, sir.

PAYMENT OF CLAIMS OF CONTRACTORS.

The CHAIRMAN. For an additional amount for the payment of claims of contractors, etc., under the act of August 25, 1919, as amended, you are asking $250,000. You have had $2,000,000 for this purpose.

Mr. WETMORE. Yes, sir.

The CHAIRMAN. What amount is involved in the settlement of these contracts now, and what was the amount claimed originally?

Mr. WETMORE. As near as we could estimate, by taking it up in advance of the filing of the claims at the request of the committee of Congress, we found claims filed running about $2,750,000, without any information as to the amount that would be involved in claims of subcontractors, because we had had no contractual relations with the subcontractors.

The CHAIRMAN. How much was that?

Mr. WETMORE. $2,750,000 is what the Secretary of the Treasury estimated to the Committee on Public Buildings and Grounds when they had the legislation before them. He estimated that the appropriation that would be required to settle all of the claims would be about $2,750,000.

The CHAIRMAN. That would be on the basis of settling at 100 cents on the dollar?

Mr. WETMORE. It would be except for the claims of the subcontractors, and he did not know what they would be, but he estimated them. However, it is the opinion of the employees in my office handling these claims that this $250,000 will clean up the claims.

NUMBER AND AMOUNT OF CLAIMS FILED—NUMBER SETTLED, DISALLOWED, AND STANDING.

The CHAIRMAN. How many of the claims have been adjusted?

Mr. WETMORE. There were 332 claims filed for amounts aggregating $3,145,964.85; 124 claims have been settled with an obligation of $2,128,181.27; and 61 claims have been disallowed or withdrawn, involving $431,792.79. There are 40 claims, with the sustaining evidence now on hand, awaiting examination, the amount claimed aggregating $226,000. We are satisfied, from the present indications, that this $250,000 will complete it.

The CHAIRMAN. What is the state of the appropriation now?

Mr. WETMORE. If we paid all of the audited claims, that would exhaust the appropriation, and we would have an actual deficit.

The CHAIRMAN. Of how much.

Mr. WETMORE. Of $128,000.

The CHAIRMAN. What percentage of the face of the claims was allowed in the settlements?

Mr. WETMORE. I can not state that offhand. We have allowed 124 claims totaling $2,128,000, in round numbers, and the disallowed claims, together with the claims that have been withdrawn, amount to $431,000. I do not know what proportion of this amount represents withdrawn claims.

Mr. BYRNS. When do you expect to clean up the balance of the claims?

Mr. WETMORE. We could clean them up rapidly except for the fact that we have not had help enough in the office to do this work.

The CHAIRMAN. It looks to me as if you have been allowing a large percentage of the face of the claims in settlement. These are war claims, are they not?

Mr. WETMORE. Yes, sir. The total amount claimed was $3,145,000, and we are asking to complete all of these claims $2,250,000.

The CHAIRMAN. That would be about 66 per cent.

Mr. WETMORE. Yes, sir.

The CHAIRMAN. They tell me that the claims that have been allowed in other departments have been settled on the basis of about 14 per cent.

Mr. WETMORE. The legislation finally enacted in connection with this class of claims was pretty liberal. It started out first with legislation that restricted the claims to three classes: First, for the increased cost of labor and material due to the war; second, damages or losses sustained by reason of the direct acts of the Government agencies, as for instance, where a contractors' help was all hired away from him on Saturday night and he was left with no force on Monday morning; and, third, where the plants in which the contractors were carrying on their work or having material prepared were commandeered by the Government. Those were the only classes that could come in, but in the following year the appropriations committee in the sundry civil bill changed the language so as to provide that the Secretary of the Treasury was authorized to allow any and all losses sustained by these contractors in completing their contracts over and above the amount of the contract price. The language "any and all losses" is going pretty far. That was the rule provided it was due to war conditions.

The CHAIRMAN. Did the department take that as a mandate of Congress?

Mr. WETMORE. Yes, sir. That was authority to allow any and all losses sustained by reason of war conditions. Those claims required a very different kind of audit from what would have been required under the first act. It virtually meant in that case that we had to audit the books of every contractor, and we have had their books here and have audited their expenditures. A hearing has been had in regard to that by Congressman Zihlman's committee, and a report covering that information has been published. That report carries information concerning the methods of the audit and the facts up to a certain date, or up to the date of that hearing. There was a larger percentage of allowance, naturally, under this more liberal legislation than there would have been under the first legislation.

The CHAIRMAN. Was there any way of checking up to show whether the charges made on the books were legitimate ones, against which losses should be allowed?

Mr. WETMORE. We had the paid or canceled checks and bills for material and the estimate sheets of the contractors.

The CHAIRMAN. When they made estimates of what the work would cost at the time of making the bids?

Mr. WETMORE. Yes, sir; and we checked against that, of course, our own estimates of the cost. If we were satisfied that the con-

tractor stood for a loss anyway because he had an improvident contract, that was taken into consideration. If we were satisfied that a man's bid was too low, either by improvidence or anything of that kind, we added to that man's estimate of his cost what we considered would have been a fair price, because that part of the loss was not due to war conditions.

The CHAIRMAN. You did not make a calculation of the amount due and then add something to it, did you? The determination of the claim did not have anything to do with the size of the bid, did it?

Mr. WETMORE. I mean this: We did not just simply take the fact that the man's expenditures under the contract on account of the building showed a certain amount and allow that because it was more than the contract price, but we first considered whether he had a contract at a fair price. If our estimates showed that his bid was too low, we took that into consideration and added that in before we commenced to allow him anything.

The CHAIRMAN. You added that to his bid?

Mr. WETMORE. Yes, sir.

Mr. WOOD. You deducted that from what his award would have been?

Mr. WETMORE. Yes, sir; because that part of his loss was something that was not due to the war.

Mr. SISSON. Even if the war had not come on he would have had that loss anyway?

Mr. WETMORE. Yes, sir.

The CHAIRMAN. Is there any assurance that this $250,000 will pay all the claims?

Mr. WETMORE. We believe that it will pay all the claims, provided there is no further legislation by Congress that will make a drain on the Treasury. There is legislation now pending that would let in a very few claims. There was a limitation in the original act that the claims must be filed within a certain time. They had to be filed within 90 days after the passage of the act, but as a matter of fact some claims were filed after the close of business on the ninetieth day. Some three or four claims came in that way. Some of them came in 24 hours late, and there was one claim that came in probably 20 days after the time. The Comptroller of the Treasury threw all of those claims out. Now there is pending legislation authorizing those claims that were filed to be considered by the Secretary under the original provision of the act, and the aggregate amount of them, I think, is about $14,000. Therefore, I believe that even if that legislation passes, this $250,000 will be sufficient to take care of all claims. But if the doors are thrown open any further to take in the cases of contractors whose bids were invited after war was declared, there is no telling where it would go to. That, however, is a matter for Congress to handle. Under the present legislation and under the pending legislation I think that $250,000 will cover all the claims.

The CHAIRMAN. How soon do you expect to complete the adjudication of these claims?

Mr. WETMORE. That depends on whether we can get the right to bring into the office temporarily some superintendents in the field to help on this work. When we first started on this claims matter, I

told the committee that we would probably need no additional help in the office to assist in the audit, but that was under the original legislation. We would have been able to handle it without additional help under the original legislation, but when they threw the doors open wide enough to take in such classes of claims as I have mentioned, it became necessary to actually audit the books of every contractor, and that put a burden on the office that we could not handle. The Secretary of the Treasury authorized me under the statute to bring in superintendents from the field to help out on that work, but under the law we can not bring them in for longer than 30 days at a time. When they had been here 30 days I had to take them over and put them on the regular force of the Supervising Architect's office and keep them there until I was afraid of a deficiency, and then let them go back to the field. We have not handled the work as rapidly as Congress expected us to handle it, and we are asking legislation that will allow us to bring in some of our field force temporarily for this purpose.

The CHAIRMAN. Will you be able to complete the work in any event before the end of the fiscal year?

Mr. WETMORE. I should think so. There would be $100,000 additional required. We have $128,000 which we can not pay because we have not the money.

MARINE HOSPITAL, SAN FRANCISCO, CALIF.

The CHAIRMAN. For extension to the water-supply system and repairs and additional fire-protection system, including necessary work incident thereto, for the San Francisco (Calif.) Marine Hospital you are asking $31,000.

Mr. WETMORE. The marine hospital at San Francisco was originally constructed about 30 years ago. It has been added to from time to time, and recently during the war the capacity of this station was practically tripled. The water supply for the station was installed about 30 years ago, when the size of the station, as I have stated, was about one-third of what it is now. The water-supply pipe is too small and is largely worn out. There is no adequate fire protection, and none has ever been provided other than hose racks and hose in the building, which were supplied by inadequate risers and supplemented by portable chemical apparatus. The appropriation requested contemplates an entirely new water-supply system, including two 100,000-gallon redwood tanks, with foundations, etc., complete; a new pumping apparatus, conduits, and wiring, etc., for pumps, and all of the necessary work in connection therewith to make the water supply and fire protection apparatus for this station complete and satisfactory. The present tanks are leaking, and the staves are said to be soft. A considerable saving would be effected by this in the matter of the purchase of water. The nearest fire hydrant is about 1,000 feet from the station.

We made up estimates on which we took bids last year to see what it would cost, and the lowest bid we had was $26,960. The bids ranged from that amount to $31,724. The Government has spent somewhere around $400,000 altogether on the buildings on the site. The buildings constructed during the war are largely of nonfire-

proof construction, and, as I have said, there is no adequate fire protection. This $31,000 would be very good insurance.

Mr. WOOD. How many buildings are on the site?

Mr. WETMORE. I can not tell you the number, but I will furnish that for the record.

NOTE.—There are about 25 buildings of various sizes and types on the site.

Mr. WOOD. What is the character of the buildings?

Mr. WETMORE. The buildings that were originally constructed about 30 years ago were brick, but those built during the war emergency are wooden buildings.

Mr. WOOD. Is there any necessity for keeping these buildings in operation? You say they were put in to meet the war emergency.

Mr. WETMORE. Yes, sir.

Mr. WOOD. Why should the necessity continue, since the war is over, if they were put in there for war purposes?

Mr. WETMORE. They enlarged the hospital there along with a great many other hospitals, and they are still continuing with their hospital program. I notice that there is a bill in Congress now providing $18,000,000 more for hospitals.

Mr. WOOD. We had a report here to-day that they have more beds than they know what to do with in the hospitals. How many patients do they have out there in this hospital?

Mr. WETMORE. I am not familiar with that, but I can get that information from the Public Health Service.

NOTE.—The capacity of the hospital is 275 beds. The site comprises 86 acres, but the buildings are concentrated on one portion.

Mr. BYRNS. Do they obtain their water supply from the city?

Mr. WETMORE. Yes, sir; it is the city water supply. We have to purchase water, but I do not know whether we purchase it from the city or from a private corporation.

Mr. WOOD. Assuming that this $31,000 was allowed, how would it be expended?

Mr. WETMORE. I can not from this report of the inspector segregate the items, but I can tell you what they are. There is required an entirely new water supply system with entirely new pipes. The pipes that they have in there are too small and are practically worn out. They have been underground for over 30 years.

Mr. WOOD. Have they had estimates made of the cost?

Mr. WETMORE. They have segregated estimates, but I do not have them with me, showing the amount to be expended for pipe; the amount to be expended for the two 100,000-gallon redwood tanks, and the amount required for the new electrical pump and pumping machinery. Then there is included in this estimate the placing underground of electrical cables. They have a high tension cable overhead that carries 2,200 volts of single phase transformed current, and it is considered more than desirable to get that underground on account of the danger it might occasion in case of storm, fire, or anything of that kind.

Mr. WOOD. That is in addition to the water supply?

Mr. WETMORE. I think that is included in the estimate.

Mr. WOOD. Who prepared this estimate?

Mr. WETMORE. It was prepared in my office.

Mr. WOOD. I wish you would put that in the record. When was that estimate made?

Mr. WETMORE. At the present session of Congress. The date of the report from my superintendent out there, on which this estimate is based, is July 26, 1921.

Mr. WOOD. I was wondering how you could get the electrical apparatus you are talking about put underground under this language.

Mr. WETMORE. I do not see that myself, and I do not believe we could do it under that phraseology.

Mr. WOOD. It might be done on the theory that it is fire protection.

Mr. WETMORE. This pump is to be electrically operated and it might be done in connection with that, but it does not look to me as though the language would cover the placing of the cable, as a distinct item, under ground.

Mr. WOOD. I doubt it. Who made this investigation?

Mr. WETMORE. Mr. Luther E. Jenner.

Mr. WOOD. He is the man who made the estimate?

Mr. WETMORE. No, sir; he is a mechanical inspector of the Supervising Architect's Office with headquarters in San Francisco.

Mr. WOOD. I suppose that estimate was made on the basis of the cost of material at the time it was made?

Mr. WETMORE. Material and labor.

Mr. WOOD. The cost of both material and labor has been reduced since then. I do not know to what extent the cost of material and labor has been reduced in that section of the country, but the material and labor that would enter into that sort of construction are not as high here and in the middle section of the country as at the time that estimate was made.

Mr. WETMORE. The estimate was made quite recently. The report on which this estimate was based was made on July 26, 1921.

Mr. WOOD. I thought it was before that.

Mr. WETMORE. No; July 26, 1921.

NOTE.—The estimate of $31,000 is segregated as follows:

Two 100-gallon redwood tanks, with foundations, towers, and new pipe-line to tanks	$15,000
One new electric-operated pump, with controller	6,300
Underground conduit with necessary wiring to motor of pump	1,700
Piping from tanks to buildings and new fire-protection piping, hydrants, etc	8,000
Total	31,000

OPERATING SUPPLIES.

Mr. WOOD. You are asking for a deficiency appropriation of $164,000 for operating supplies. Tell us about that and the necessity for it.

Mr. WETMORE. That is a deficiency in the appropriation out of which we purchase heat, light, power, water, ice, pay for the removal of ashes and rubbish and the washing of towels, and out of which we purchase lighting supplies and miscellaneous items for the care of over 1,200 public buildings.

Mr. WOOD. In the District?

Mr. WETMORE. No; throughout the country. The amount appropriated by Congress was not sufficient in itself to have furnished fuel, pay for the removal of ashes and rubbish, and furnish the light

and lighting supplies that go with it, such as bulbs, electric lamps, and things of that kind, and would not have left a dollar for water for cleaning purposes or for use in the toilets, not a penny for ice, not anything for washing towels, and not anything for the miscellaneous items, which include such things as soap, brushes, sponges, chamois skin, and everything that is used in cleaning the buildings, and everything that is used by the engineer force in the operation of the mechanical equipment. The deficiency is largely due to the cost of fuel and light. We could not have properly maintained the public buildings without heating them and without lighting them, and you can not very well maintain them without cleaning them. There has been no improvident use of this appropriation. We have bought coal cheaper than anybody, except perhaps the War Department. We bought, in the majority of instances at the mines in carload lots delivered to the communities, and we had to pay the freight and the drayage. After this estimate had been made freight rates were increased, which was an item that we could not estimate in advance. We did not get as much money as we asked for; Congress cut the appropriation to start with, but if we had been given every dollar we originally estimated we would still be away below our needs.

Mr. SISSON. The increased freight rates would more than absorb your deficiency?

Mr. WETMORE. We now have bills on hand amounting to $130,594.51; the vouchers are actually in the office; 6,200 vouchers are in the office unpaid.

The CHAIRMAN. You have already absorbed the $2,500,000?

Mr. WETMORE. Yes, sir. We have used the $2,500,000, and $550,000 more than was given by way of deficiency, and we now want $164,000 further.

The CHAIRMAN. Will that amount last for the rest of the year?

Mr. WETMORE. That will pay all of the outstanding obligations. This is for 1921, last year, a year that has gone by.

Mr. SISSON. Is this an actual and ascertained deficiency?

Mr. WETMORE. Yes, sir.

COST OF COAL.

The CHAIRMAN. Tell us at what price you bought coal. You say you bought it cheaper than anybody else, but you do not give us the price.

Mr. WETMORE. In round numbers it averaged about $5.50 a ton at the mines for soft coal and about $9.50, I think, for anthracite.

The CHAIRMAN. At the mines?

Mr. WETMORE. Yes, sir.

The CHAIRMAN. What is the average cost at the place of delivery?

Mr. WETMORE. The freight and drayage cost about the same as the coal did.

The CHAIRMAN. Then you did not buy coal for anything like what other people bought it?

Mr. WETMORE. We bought coal cheaper.

The CHAIRMAN. They tell us that at the National Home for Disabled Volunteer Soldiers they are buying coal and having it put in the basements for $6.

Mr. WETMORE. We bought coal in Illinois as cheap as $3 a ton, or something of that kind.

The CHAIRMAN. We would like to know what the cost is and not just a guess at it. If it has cost you $10, your statement that you bought it cheaper than anybody else is far out of the way. Seven dollars and some cents is the highest price we have had reported for many branches of the Government—that is, this year—but this is for last year.

Mr. WETMORE. Yes; this was the fiscal year 1921.

Mr. SCHAEFER. The price has been reduced since then.

The CHAIRMAN. What are you paying now?

Mr. SCHAEFER. We took the average price for 100 buildings, and on anthracite coal the local dealers charged $9.70; the mine-delivered price was $11.67, and the average we paid was $10.66. That is the delivered price.

The CHAIRMAN. That is anthracite?

Mr. SCHAEFER. Yes. For bituminous coal the local dealers charged $8.63; the mine-delivered price was $8.71, and the average we paid was $8.40.

The CHAIRMAN. That is for 1921?

Mr. SCHAEFER. Yes; and that is the delivered price.

Mr. WOOD. What are you paying for that same kind of coal now?

Mr. SCHAEFER. Well, I suppose there has been about a 20 per cent reduction.

Mr. WOOD. You mean it is 20 per cent cheaper?

Mr. SCHAEFER. Yes.

The CHAIRMAN. What is the status of the present appropriation—has it been apportioned?

Mr. WETMORE. Yes, sir; we follow the requirement of Congress to apportion as well as we can, but fuel is one of the things that must be purchased early in the year. To get the advantage of a low price the coal must be purchased in the spring, and Congress has given us special authority to do that, but it does not afford the relief that was expected, because we can not pay for it at that time; we can make contracts with people who are willing to wait for their pay, but we can not pay until the appropriation becomes available. April is the time of the year when the price of coal is the lowest, and we try as much as we can to have our contracts let at that time, but we can not always get people to do business on that basis—that is, wait until June or July for their money.

SATURDAY, NOVEMBER 12, 1921.

WAR DEPARTMENT, QUARTERMASTER CORPS.

STATEMENTS OF BRIG. GEN. J. M. CARSON, CHIEF, CONSTRUCTION SERVICE, OFFICE OF THE QUARTERMASTER GENERAL, AND CAPT. C. I. BAZIRE.

MILITARY POSTS, UNITED STATES.

Mr. ANTHONY. General, you are the head of the Construction Bureau of the Quartermaster's Department?

Gen. CARSON. I am the Chief of the Construction Service, Quartermaster Corps.

ACQUISITION OF LAND AT CAMPS CUSTER, DEVENS, DIX, GRANT, JACKSON, AND LEE.

Mr. ANTHONY. Will you tell us about this item for the completion of the acquisition of lands at Camps Custer, Devens, Dix, Grant, Jackson, and Lee, $408,200?

Gen. CARSON. Perhaps I had better give you the story. Condemnation proceedings for the acquisition of portions of all of these sites were instituted during the fiscal year 1919 under an appropriation available for that fiscal year. In no case, however, have the proceedings yet been completed in all respects; but the appropriation under which the proceedings were brought being available for obligation only until the close of the fiscal year 1919, the unexpended balance of that appropriation lapsed and was covered into the surplus fund of the Treasury on June 30, 1921. In the case of each tract it is distinctly to the interest of the United States to complete the acquisition of title rather than to pay damages for the occupancy and use of the land. It is anticipated that the proceedings in each instance can be prosecuted to an early conclusion, although the necessary funds must be made available to permit payments to be made.

Mr. ANTHONY. I understand that in each case there has been authority of law to make these contracts, and that contracts have actually been entered into for the purchase of the tracts of land.

Gen. CARSON. Yes, sir; that is the situation. The delay has been due to the fact that in some cases there was no agreement as to price, and it was necessary to institute condemnation proceedings.

Mr. ANTHONY. And in each case the purchase has been made with the idea that it was cheaper to go ahead and acquire this land in order to round out some necessary part of the reservation or to make it more complete?

Gen. CARSON. Yes, sir.

Mr. ANTHONY. Or to prevent losses of some kind where the land was under lease, and the idea was that it would cost more to continue the lease than to buy?

Gen. CARSON. In practically every case that is so. In some cases it was necessary to institute proceedings to clear the title. The price was agreed upon with the owner, but the title was not clear, and it was necessary to get a court decision in the matter.

Mr. ANTHONY. Where are these camps located?

Gen. CARSON. The camps involved are Camp Grant, Ill., for which the total amount necessary is $253,000.

CAMP GRANT.

(See pp. 504, 506.)

Mr. ANTHONY. What is the acreage of Camp Grant?

Gen. CARSON. The total acreage is 3,842.

Mr. ANTHONY. What use does the War Department propose to make of Camp Grant? Is it used as a camp at this time?

Gen. CARSON. It is now occupied; yes, sir.

Mr. ANTHONY. You do not know anything in regard to its future?

Gen. CARSON. That I am unable to answer.

Mr. ANTHONY. Has any proposition come to the War Department or to you involving the use of the camp by the Veterans' Bureau for the vocational training of veterans?

Gen. CARSON. So far as I know personally, not as to Camp Grant.

CAMP DEVENS.

(See p. 507.)

Mr. ANTHONY. What about Camp Devens? That is in Massachusetts, and what is the acreage there?

Gen. CARSON. There the acreage is 4,671.

Mr. ANTHONY. Is that in use by the Army?

Gen. CARSON. That is in use; yes, sir. The amount to be acquired there is only five acres, and that is some ground on which wells have been sunk as a part of the water supply of the camp.

Mr. ANTHONY. How much do you intend to pay for the five acres?

Gen. CARSON. We have estimated $2,500 as enough to cover the case. The court has not settled it finally, I believe, but we think that is more than enough.

Mr. ANTHONY. You have to accept the judgment of the court?

Gen. CARSON. We have to do that.

Mr. ANTHONY. Through condemnation proceedings?

Gen. CARSON. Yes, sir. If the court awards more than that amount we will have to pay it, but we think it will not; if the court should award more than that amount then it would be a question of being certified to Congress later.

CAMP GRANT.

(See pp. 503, 506.)

Mr. BYRNS. Did you state how many acres you propose to purchase at Camp Grant?

Gen. CARSON. No, sir; I did not give you that figure. Eight hundred and twenty-one acres.

Mr. ANTHONY. What is the idea of buying so much land there?

Gen. CARSON. This is to complete the purchases that were originally entered into, and the total acreage of the camp, as I gave it to you, is 3,824.

Mr. ANTHONY. But these contracts for the purchase of this additional land have been made since the war, have they not?

Gen. CARSON. They were in the original camp site.

Mr. BYRNS. What is that camp being used for now?

Gen. CARSON. Camp Grant?

Mr. BYRNS. Yes.

Gen. CARSON. The troops are still stationed there.

Mr. BYRNS. Are the 821 acres you are now seeking to purchase being occupied?

Gen. CARSON. Oh, yes; and some of the most important improvements of the camp are on this land—the water supply and the hospital center.

Mr. ANTHONY. It has simply been under lease?

Gen. CARSON. No, sir; only until June, 1919, and then orders were given to acquire the land.

Mr. ANTHONY. That is what I say, it has been purchased since the war?

Gen. CARSON. Yes.

Mr. ANTHONY. Or proceedings have been instituted?

Gen. CARSON. Yes; you are right about that.

Mr. ANTHONY. I have been informed that at Camp Grant the Government has instituted these proceedings for the acquisition of farm land worth a great deal of money—$500 or $600 an acre.

Gen. CARSON. Not so much as that, sir.

Mr. ANTHONY. How much?

Gen. CARSON. Less than $300.

Mr. ANTHONY. Well, that is a pretty high price to pay for land.

Gen. CARSON. They have been paying all the way from—well, it ran all the way from $200 to $300, and the average is $243 for the land that has been paid for.

Mr. ANTHONY. What buildings are on this land at Camp Grant?

Gen. CARSON. The hospital group. The improvements on the land have practically destroyed it for farming purposes. If we were to attempt to give it up now we would be open to such heavy suits or claims for damages that it would be cheaper to buy the land, because the amount of those damages would be much more than the price we expect to pay for the land. This is a map showing the camp.

Mr. ANTHONY. Where is the hospital group?

Gen. CARSON. Off in here [indicating].

Mr. ANTHONY. And this is the land you propose to buy?

Gen. CARSON. This is part of it, and here is the water supply on this end [indicating].

Mr. ANTHONY. Located on the 800 acres?

Gen. CARSON. Yes, sir.

Mr. ANTHONY. Have you ever had any protests over the acquisition of that land from residents in the vicinity?

Gen. CARSON. Not from residents in the vicinity, but we have had some protests from the owners of these particular tracts.

Mr. ANTHONY. They do not want to let the land go.

Gen. CARSON. They want it returned, but if that is done, without the protection that will be given to us by following the condemnation proceedings to a finish, we will be open to such heavy damages that it will more than exceed the estimated cost of acquiring the land and then dealing with them afterwards.

Mr. BYRNS. Do I understand, General, that condemnation proceedings have already been instituted with reference to this entire tract of 821 acres?

Gen. CARSON. Yes, sir.

Mr. BYRNS. How far have those proceedings proceeded?

Gen. CARSON. They were instituted in 1919.

Mr. BYRNS. Have they gone to a decree of the court?

Capt. BAZIRE. No, sir; there has been no trial.

Mr. BYRNS. Petitions have been filed and there the proceedings rest.

Capt. BAZIRE. Yes.

The CHAIRMAN. Then you will not need the money?

Gen. CARSON. We need the money to protect the Government from these damage claims.

Mr. CANNON. Where is Camp Grant?

The CHAIRMAN. At Rockford, Ill. Is this land worth $243 an acre?

Capt. BAZIRE. Yes, sir.

The CHAIRMAN. I live out in that neighborhood, and I do not know of any land that is worth that much money.

Gen. CARSON. The price is going to be settled by the c[illegible] that amount is not fixed by the court we will not have to [illegible] we want the matter of its value determined by legal deci[illegible]

Mr. ANTHONY. Is Camp Grant a divisional headquarters now?

Gen. CARSON. Yes, sir.

The CHAIRMAN. If it is a divisional headquarters, can you tell us anything about why it is the Veterans' Bureau is proposing to take it over?

Gen. CARSON. I did not understand that the Veterans' Bureau is proposing to take it over.

The CHAIRMAN. Yes; they are.

Gen. CARSON. That may be, but that has not come to my knowledge.

CAMP SHERMAN.

Mr. ANTHONY. How about Camp Sherman?

Gen. CARSON. Camp Sherman has been turned over to them; I know that, because the information has come to me officially.

Mr. ANTHONY. Is that the only camp that has been turned over to the Veterans' Bureau?

Gen. CARSON. So far; yes, sir.

CAMP GRANT.

(See pp. 503, 504.)

The CHAIRMAN. When are these suits likely to be tried?

Gen. CARSON. In the very near future.

Capt. BAZIRE. The November term of court is now on, but the judge has not set a date on the calendar when the cases will be tried.

The CHAIRMAN. How many acres are involved?

Capt BAZIRE. Eight hundred and twenty-one.

Gen. CARSON. We are not in a position to push the trials just now, because we have no funds with which to pay for the land.

The CHAIRMAN. It depends entirely upon the Government whether the trials are pushed or not, does it?

Gen. CARSON. No; because the suits are on the court calendar and will be called up and settled; but we are in no position to urge early action.

The CHAIRMAN. Are you paying rent now?

Gen. CARSON. No; we have paid no rent since the proceedings were instituted in 1919. Under the law, the institution of condemnation proceedings gives the Government title to the land and the leases stop. We can not possibly restore this ground to what it was originally, which we would have to do under the terms of the leases, and if we were to withdraw these condemnation proceedings now the Government would be in the position of a trespasser, as the owners automatically would have title to the land and all improvements on it.

Mr. ANTHONY. Along that line, has it not been the experience of the War Department that when it has had land under lease for camp purposes and has relinquished the land that claims for damages to the land have been filed?

Gen. CARSON. Yes, sir.

Mr. ANTHONY. And many such claims are now pending?

Gen. CARSON. Yes, sir; we are wrestling with a number of such claims now.

Mr. ANTHONY. You have found in a case like this and others that it would be cheaper for the Government to purchase the land than to pay damages?

Gen. CARSON. Yes, sir.

The CHAIRMAN. If we buy the land then what will happen to it? Are we going to keep it?

Gen. CARSON. That is a policy to be determined by the War Department; I can not comment upon that just now.

CAMP DEVENS.

(See p. 504.)

Mr. ANTHONY. I think that covers Camp Grant. Now, tell us the situation at Camp Devens. How many acres did you say you desired to acquire there?

Gen. CARSON. About 5 acres of land adjoining the water supply and on which 5 acres some wells have been dug and which form a part of the water-supply system.

Mr. BYRNS. Is that in the same sort of a situation as far as condemnation proceedings are concerned?

Gen. CARSON. Yes, sir.

Mr. BYRNS. Petitions filed but no trial?

Capt. BAZIRE. They have all been tried but one, and there were 22 cases originally.

Mr. BYRNS. I was referring to these particular 5 acres.

Capt. BAZIRE. That case has not come up yet.

Gen. CARSON. That is what I say; it has not been settled by the court; it is in court, but the court has not rendered a decision. It is in the hands of the district attorney of that section through the Department of Justice.

The CHAIRMAN. Is the Government occupying these 5 acres?

Gen. CARSON. Yes. We are using this land and drawing water from it, and it is, in a way, a vital necessity.

CAMP DIX.

Mr. ANTHONY. Camp Dix is in New Jersey and is also a divisional headquarters. What do you propose to buy there?

Gen. CARSON. The cases pending involve 2,630 acres; we have acquired 5,212 acres, making a total of 7,842 acres. These cases involve 2,630 acres, and there are 12 cases all told, I think.

Mr. ANTHONY. Is this land scattered over the reservation?

Gen. CARSON. To a certain extent.

Mr. ANTHONY. Have any improvements been erected by the Government upon it?

Capt. BAZIRE. Some improvements have been erected, but the largest area of the unacquired land is in the rifle range.

Mr. ANTHONY. What is the price of the land there?

Capt. BAZIRE. In the largest area it is about $5 or $10 an acre, and the land that is better than that runs from $50 to $75.

Mr. BYRNS. How much are you asking for that?

Gen. CARSON. We are asking for $60,000, which is probably more than necessary, but we are waiting for the court decision in a number of cases.

The CHAIRMAN. You are asking about $30 an acre, and yet you say the land is worth about $5 or $10.

Gen. CARSON. To be accurate, $22.21.

Capt. BAZIRE. I meant that the land in the rifle range was worth $5 or $10.

The CHAIRMAN. Is it essential that you should have the land?

Capt. BAZIRE. Yes, sir.

The CHAIRMAN. For what purpose?

Capt. BAZIRE. It will destroy the use of the camp if we do not acquire this land as the Government owns the land all around it. The largest part of the unacquired land is used as a rifle range and unless purchased will not only isolate a large area of land already owned by the Government from the main camp, but the isolated part will be in small detached parcels.

The CHAIRMAN. Was this land occupied by the department during the war?

Capt. BAZIRE. Yes, sir.

The CHAIRMAN. All of this land which it is proposed to purchase?

Gen. CARSON. Yes, sir; and Camp Dix is one of the permanent divisional camps.

The CHAIRMAN. And you had possession of this 2,000 acres of land during the war?

Gen. CARSON. Yes, sir; we have had possession and use of it ever since the camp was established.

The CHAIRMAN. Are you leasing it now?

Gen. CARSON. No; this is under condemnation; and when those proceedings were started that gave us possession, and we have paid no rent money since the proceedings were instituted.

The CHAIRMAN. Has any part of the purchase price been paid on it?

Gen. CARSON. No; not on these particular tracts.

Mr. BYRNS. I suppose the court is likely to assess rent in the suit?

Capt. BAZIRE. It has been customary to add interest from the date of the filing of the condemnation proceedings in lieu of rent.

CAMP CUSTER.

Mr. ANTHONY. Camp Custer is in Michigan. That camp has been abandoned, has it not?

Gen. CARSON. Yes, sir.

Mr. ANTHONY. What do you propose to buy there and why?

Gen. CARSON. Only one parcel of 40 acres, and that is a question of title. We had to institute proceedings to clear the title, and before we could get that done and pay the money this limitation caused us to turn the money back into the Treasury, and this is necessary in order to complete the title.

The CHAIRMAN. Has there been any policy adopted about the use of this land after you get the title?

Gen. CARSON. I think not at Camp Custer, sir, except we are leasing it to various residents of that locality for farming purposes.

Mr. ANTHONY. Have the buildings been sold there?

Gen. CARSON. Yes, sir.

Mr. ANTHONY. So all the Government has there is the bare land?

Gen. CARSON. Yes, sir; the railroad spur connecting the camp with the main line is on this tract of 40 acres, and that is another reason why we should have it.

Mr. ANTHONY. What is the total amount involved there?

Gen. CARSON. $2,700.

CAMP JACKSON.

Mr. ANTHONY. What is involved at Camp Jackson, in South Carolina? Has that camp been abandoned?

Gen. CARSON. No, sir.

Mr. ANTHONY. Is that a divisional camp?

Gen. CARSON. Yes, sir.

The CHAIRMAN. Is that one of the camps that has been turned over to the Veterans' Bureau?

Gen. CARSON. No, sir. At Camp Jackson the amount involved is 2,802 acres, and the amount of money we estimate necessary to cover these cases—that is, the decisions of the court, etc.—is $75,000, or an average of $26.76 per acre, and that is necessary, as shown by this map, to really protect the other parts of the camp which the Government has already acquired.

Mr. ANTHONY. Are they a number of small tracts scattered all over the reservation?

Gen. CARSON. Yes, sir; all of these tracts represented by red rings are the tracts involved in the condemnation proceedings.

The CHAIRMAN. How many acres altogether are involved in that camp?

Gen. CARSON. There is a total of 20,876 acres, including this 2,802 acres, that we want the appropriation for in order to meet the decisions of the court.

Mr. ANTHONY. Is all of that land under condemnation now?

Capt. BAZIRE. Condemnation proceedings have been filed against all of them, and in the case of some of them there are now judgments pending by the commissioners. The court in that case appointed commissioners.

Mr. ANTHONY. And whether the Government continues to occupy the camp or abandons it would be immaterial, because in order to protect the land the Government already owns it would be necessary to acquire these parcels.

Gen. CARSON. That is precisely the situation.

Mr. ANTHONY. And that is the basis on which Congress previously gave them authority to proceed with this condemnation.

Gen. CARSON. If the court proceedings could have been pushed through a little more expeditiously so that they would have all been finished prior to the 30th of last June, all of these cases would have been settled and we would not have to ask for this appropriation, which is really a reappropriation of a part of the money we have turned in.

Mr. ANTHONY. Are you sure that Congress has to appropriate the money before you can continue with your proceedings?

Gen. CARSON. Yes, sir. We turned back to the Treasury last June a total of something like $580,000 which lapsed on account of the 2-year limitation on its availability. The total of this, as shown by the estimate here is $408,000. If these cases could have been closed up prior to last June, the money was there and they would have been settled and we would not have to ask for this appropriation.

CAMP LEE.

Mr. ANTHONY. Camp Lee is in Virginia, and that camp has been abandoned, has it not?

Gen. CARSON. Yes, sir; that is a similar case.

Mr. ANTHONY. How much money do you want to expend there and for what purpose?

Gen. CARSON. 97¾ acres, $15,000.

Mr. ANTHONY. What is the situation there?

Gen. CARSON. The matter is in court there.

Mr. ANTHONY. And it is the same class of land?

Gen. CARSON. Yes, sir; it is right in the middle of the camp and is land on which improvements have been made, and it is a question of dispute with the owner as to its value.

Mr. ANTHONY. Has Camp Lee been salvaged?

Gen. CARSON. Not yet; it is in process of being salvaged, but is not yet finished.

LOCATION, ACREAGE, AND COST OF CAMPS.

The CHAIRMAN. General, will you be kind enough to give us the location of each one of these camps, separately, the acreage in each camp, the amount of land already purchased, and the total cost of the purchase and the average cost per acre; also the amount asked here and the number of acres and the total cost per acre?

Gen. CARSON. Yes; I will submit that statement for the record.

Camp.	Location.	Total area.	Area paid for.	Total cost.	Average cost per acre.	Area not paid for.	Total estimated cost.	Estimated price per acre.
		Acres.	*Acres.*			*Acres.*		
Custer	Battle Creek, Mich.	8,667.28	8,627.28	$627,191.00	$72.363	40.00	$2,700.00	$67.50
Devens	Ayer, Mass.	4,671.36	4,666.36	202,914.61	43.485	5.00	2,500.00	500.00
Dix	Wrightstown, N. J.	7,842.38	5,212.18	573,115.74	109.957	2,630.20	60,000.00	22.81
Grant	Rockford, Ill.	3,842.39	3,020.81	736,607.46	243.844	821.58	253,000.00	307.94
Jackson	Columbia, S. C.	20,878.51	18,076.43	464,211.82	25,680	2,802.08	75,000.00	26.76
Lee	Petersburg, Va.	7,438.80	7,341.03	1,006,697.70	137.130	97.77	15,000.00	153.42
		53,340.72	46,944.09	3,610,738.33	.....	6,396.63	408,200.00	.....

USE OF CAMPS.

Mr. CANNON. Where are these camps located?

Gen. CARSON. There are six camps involved here: Camp Grant, Ill.; Camp Custer, Mich.; Camp Devens, Mass.; Camp Dix, N. J.; Camp Lee, Va.; and Camp Jackson, S. C.

Mr. CANNON. You are now buying up a lot of additional land or condemning a lot of additional land?

Gen. CARSON. Pardon me, we have already condemned, and this is merely to enable us to complete an agreement which was made by the authorized officials of the Government. To refuse to pay for the land now would be to repudiate those contracts.

Mr. CANNON. You spoke about condemnation proceedings——

Gen. CARSON. Having been instituted two years ago in many cases.

Mr. CANNON. Could they not be dismissed?

Gen. CARSON. Then we would be in the position of trespassers and be opened to claims for heavy damages.

Mr. CANNON. What use have we for this land? What are you using it for now in New Jersey and South Carolina?

Gen. CARSON. Camp Dix, N. J., is a divisional camp in active use. Camp Jackson in South Carolina is also in active use.

Mr. CANNON. In use for what purpose?

Gen. CARSON. For divisional troops.

Mr. CANNON. You are talking now to a layman; just what do you mean by divisional troops—troops that are using it all the time or just a part of the time?

Gen. CARSON. They are located there and live there, and this division of troops may be anywhere from 15,000 to 18,000 individuals.

Mr. CANNON. When was this camp acquired?

Gen. CARSON. Camp Dix was established in 1917.

Mr. CANNON. Now then, go down to South Carolina; when was that acquired?

Gen. CARSON. About the same time, sir. I am speaking now of when the camp was originally established during the war. At first the ground was leased, and later on the War Department decided it would be well to acquire it by purchase, and that was done in May or June of 1919. I am speaking from the records now, because I was elsewhere at that time. In many cases the owners agreed to accept the price and the money was paid and the United States has title, and where the price could not be agreed upon condemnation proceedings were instituted.

Mr. CANNON. What are you using the camp in South Carolina for now?

Gen. CARSON. At Camp Jackson there are troops stationed, but just how many there are at the moment I can not tell you because I am not up to date on that.

Mr. CANNON. Are there any other places where troops are stationed?

Gen. CARSON. Yes, sir. There are no troops at Camp Custer, because the buildings have been sold. We have the land and we want to complete the purchase of certain portions of the land in order to protect the Government against damage suits, which will otherwise inevitably result.

SALE AND LEASE OF CAMPS.

Mr. CANNON. Have you ever considered the question of selling this land?

Gen. CARSON. We can not sell the land without the authority of Congress.

Mr. CANNON. Have you ever recommended that?

Gen. CARSON. I believe that has not yet been requested.

Mr. CANNON. Has it been discussed?

Gen. CARSON. That is a matter for the Secretary of War, sir.

Mr. ANTHONY. As a matter of fact it is being considered now by a subcommittee of Military Affairs Committee of the House, is it not—the mater of selling these lands?

Gen. CARSON. The lands that are not necessary; yes, sir. The Secretary of War has advised Congress of a number of pieces of real estate formerly owned by the War Department that are not necessary. I have not a list with me and I can not give it from memory.

Mr. CANNON. What does it cost you to protect and care for these camps that are not now occupied; you are not farming them, are you?

Gen. CARSON. At some of the camps where the buildings have been removed and the land is not being required we are leasing it to the farmers out there. Camp Custer has been almost entirely leased.

Mr. CANNON. How big a camp is that?

Gen. CARSON. Custer has about 8,600 acres.

SALVAGE OF BUILDINGS.

Mr. ANTHONY. The buildings on the camps that have been abandoned have been salvaged, have they not?

Gen. CARSON. Not entirely, sir. We have not completed the salvage work.

Mr. ANTHONY. What camps remain that you have not salvaged?

Gen. CARSON. Camp Lee, for example. Camp Lee is the only one that has been actually vacated that we have not completed that I can now recall. The others are in process of being evacuated—like Camp Devens is to be evacuated later on, and also Camp Jackson, Camp Pike, and Camp Funston, which is on the military reservation at Fort Riley.

Mr. ANTHONY. That has been salvaged.

The CHAIRMAN. Before we could sell the land even if we were to decide to sell it we would have to acquire these various pieces of land?

Gen. CARSON. Yes; otherwise we could not give title.

CONDEMNATION PROCEEDINGS.

The CHAIRMAN. How long do you anticipate it will take to complete these condemnation proceedings?

Gen. CARSON. They ought to be completed this fall, should they not?

Capt. BAZIRE. They should be; yes, sir. I would like to explain about that.

Gen. CARSON. Capt. Bazire is the officer who has been looking after the details of this matter and is in closer touch with it than I am.

Capt. BAZIRE. I would like to explain the embarrassment which has been occasioned at certain times by not having the funds available. The defense would try to have the case thrown out of court for the reason that we had no funds. We have overcome that so far, but in any case that turns up we are apt to have the same question arise and we may have a judge who will throw us out of court.

The CHAIRMAN. What would happen if that was done?

Capt. BAZIRE. We would be in the position of trespassing, as the general has suggested, and the case would be thrown out of court, and the condemnation proceedings would be ended. In that case, if we wanted to acquire the land we could not institute new condemna-

tion proceedings and would have to come here to Congress to get authority.

Mr. ANTHONY. Why can you not ask the court to proceed with the condemnation proceedings whether you have money available for the purchase or not?

Capt. BAZIRE. Of course, the Government's side holds that position. I would like to explain that I am not an attorney, so that I can not give this to you in the exact legal phraseology. The courts might not uphold that contention of the Government.

Mr. BYRNS. Captain, no court as yet has held that the plaintiff has to show they have the money in hand before the court will enter a decree. Those decrees usually provide that title shall pass upon payment of the money.

Capt. BAZIRE. Yes, sir; in most cases, but not in all cases. For instance, at Camp Custer, in Michigan, even before the money was paid the title passed and a decree was entered.

Mr. BYRNS. There, I take it, the defendants were perfectly willing to trust the United States to meet its just obligations.

Capt. BAZIRE. No; the Code of Michigan happened to read that way.

Mr. BYRNS. But in the usual condemnation case, of course, the plaintiff is never required, as I understand it, to pay the money in the court before the decree is actualy entered. The decree always provides that title shall pass when payment is made of the amount adjudicated by the court.

Capt. BAZIRE. That is true enough with individuals, but with the United States they take the ground or have tried to take the ground that we had no authority to take this land at all.

Gen. CARSON. And the question has been raised in some of the courts that because there was no appropriation immediately available when the decision would be rendered, therefore the case had no standing in court. That effort has been made and some of the attorneys have taken that position and raised that plea.

Mr. BYRNS. But that has never been passed upon by the court in any instance.

Capt. BAZIRE. It has been passed upon; yes, sir. There was a decision rendered by Judge Waddell in Virginia where the same defense was made in an endeavor to halt the proceedings, and he overruled it.

Mr. BYRNS. That is what I would expect under the circumstances.

Capt. BAZIRE. But a copy of Judge Waddell's decision was referred to the court in the case of Camp Grant, but the court made them amend the petition just the same and state that they did have the money. Now, that has not come up yet. If we have not got the money and go there and say we have not got the money, Judge Landis is just as apt as not to throw us of court. That is what we are afraid of.

Mr. CANNON. Without having much knowledge of the matter, I am under the impression that most of these additional lands are to be sold, are they not?

Gen. CARSON. In these cases it is not a question of acquiring a tional land, it is a question of enabling us to complete contracts agreements that were entered into by proper agents of the Gov

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Mr. CANNON. Without having much knowledge of the matter, I am under the impression that most of these additional lands are to be sold, are they not?

Gen. CARSON. In these cases it is not a question of acquiring additional land, it is a question of enabling us to complete contracts and agreements that were entered into by proper agents of the Govern-

ment but which owing to statutory limitation the funds that were made available have passed out of our control, and to refuse to do this now would be essentially repudiation, and we feel that the Government should never be placed in that position. Many of these people who have accepted the edict of the courts and whom we could have paid off months ago, we have not been able to pay because of the statutory limitation I refer to covered the money into the Treasury on June 30.

Mr. CANNON. And it is that class of cases you are asking authority to settle?

Gen. CARSON. Yes.

Mr. CANNON. You want either the authority or the appropriation?

Gen. CARSON. The appropriation is all we need. We have the authority, but we need the money, and the people have had neither the money nor the land, and they are entitled to one or the other. We can not give them the land, for reasons already stated, and, therefore, they should have the money. It is a question of good faith on the part of the Government largely.

PROVISION AUTHORIZING SECRETARY OF WAR TO MAKE AGREEMENTS FOR PURCHASE OF LAND.

The CHAIRMAN. If you will look at the item before us, you will notice that it provides:

> That the Secretary of War is empowered to carry out agreements for the purchase of said real estate, with power to make, if necessary, new agreements for the purpose and to take such other steps as are or hereafter shall appear to be necessary.

What is the necessity for that?

Gen. CARSON. That is in case we can make a settlement more satisfactory to the Government out of court, and when that is made, then we can withdraw the condemnation proceeding. We can not withdraw the condemnation proceeding as long as it is not settled. Otherwise if we did, as I said before, we would be trespassers and the owners of the land come automatically into possession of all improvements and the Government is open to heavy suits for damages. This is to protect the Government.

Mr. ANTHONY. And do you think in some of these cases you can make agreements that will be more advantageous to the Government outside of court?

Gen. CARSON. We think so, with this legislation behind us.

NECESSITY FOR HAVING APPROPRIATION AVAILABLE UNTIL EXPENDED.

The CHAIRMAN. If you expect to get through with these condemnation proceedings this fall, as I understood the Captain to say you would, why do you want the language here "to remain available until expended"? If this appropriation is made, it will continue available until the 1st of next July, and if you are going to complete the proceedings this fall, then, of course, this language would not be necessary.

Gen. CARSON. That is only our expectation. We can not absolutely guarantee that the courts will finish all of these cases, and if only one case should be postponed or continued, due to the efforts on the part of the owners through their lawyers, we, of course, would be helpless to insist upon a settlement and one case might hold up the whole thing.

MAINTENANCE OF CAMP SHERMAN—VETERANS' BUREAU.

Mr. KELLEY. General, take a camp like Camp Sherman at Chillicothe, about what does it cost to just keep it in a quiescent state for a year?

Gen. CARSON. In the first place, Camp Sherman has been turned over to the Veterans' Bureau and we have been relieved of all that overhead.

Mr. KELLEY. I understand that, but what will it cost to take care of that camp?

Gen. CARSON. That would depend on how many people are going to occupy it.

Mr. KELLEY. I mean assuming it is unoccupied and you are simply going to keep up the camp?

Gen. CARSON. To maintain the utilities so they could be used in case of necessity, such as the water and sewer systems?

Mr. KELLEY. Yes.

Gen. CARSON. A good deal depends upon how much you want to maintain. If you simply wish to guard the land and buildings——

Mr. KELLEY. I mean to keep it in order so it would not be a rundown establishment and preserve the property that is now there and keep the sewers properly opened and the water mains protected, with the necessary heat to keep the water from freezing, and so on, and also with the necessary fire protection.

Gen. CARSON. That is a very difficult question to answer because so many conditions enter into it.

The CHAIRMAN. Why would it not be a good suggestion, inasmuch as you know what Mr. Kelley's question is, to take that question back with you and prepare a complete answer to the question and put it in the record later?

Gen. CARSON. Even then it would be very difficult unless Mr. Kelley would give me more information as to just what he has in mind.

Mr. KELLEY. I will put the question in this way: Suppose you were the Veterans' Bureau taking this camp over; how much of an obligation would you think you would be taking over?

Gen. CARSON. If I was going to use all the buildings as they stand and maintain those temporary buildings, I roughly estimate it would cost about $300,000 a year. Possibly I am a little low on that.

The CHAIRMAN. I should think it would cost about $1,000,000.

Gen. CARSON. Oh, no.

Mr. ANTHONY. Camp Sherman is a camp which was erected for the purpose of accommodating a maximum of about 40,000 men?

Gen. CARSON. Yes.

Mr. ANTHONY. Do you think it would be practicable to take that camp and utilize it for, say 3,000 veterans, and operate the utilities, like the heating plant and the water system and the sewers and the lighting plant, just for that number of men? Would that be an economical proposition?

Gen. CARSON. It would cost between $20,000 and $24,000 a year just to maintain and operate and guard the utilities alone. For buildings for 3,000 men, using those now there, I should like to have about $150,000 a year for that item alone, because the buildings are deteriorating and each year the deterioration is greater.

Mr. ANTHONY. The statement was made here that there were about 1,200 bungalows or small buildings there; what are those buildings?

Gen. CARSON. I can not imagine what they are.

Mr. ANTHONY. Are not the buildings at this camp of the usual type of buildings constructed at the various cantonments?

Gen. CARSON. Yes, sir. No special buildings have been put up there except community buildings, Red Cross, Y. M. C. A., K. of C., etc., built by private funds. They must have referred to some buildings that were originally barracks or hospital wards that have been converted into officers' quarters, perhaps, by putting in partitions, etc.

The CHAIRMAN. General, let me ask you this question. If we were going into actual occupancy of the camp at Chillicothe to-day, if you know what the condition of the buildings are at present and all the equipment there, how much would it cost to put the institution in condition for occupancy before you could begin to occupy it with any degree of satisfaction?

Gen. CARSON. I really could not answer that offhand. I would have to look into it because I have not any recent figures on the condition of the buildings or about what has been done there.

The CHAIRMAN. What would be involved in your looking into it. Could you get that information from the records in your office?

Gen. CARSON. Yes, sir; I think so.

NOTE.—To repair all of the buildings at Camp Sherman, including such repairs as would be needed for water and sewer systems, roads, etc., and put it in shape for use to its maximum capacity of about 36,000 troops, would, roughly speaking, require about $800,000. This figure is based on current prices of material and labor, and use of civilian labor exclusively in the work. The buildings and their equipment have about outlived their usefulness, and the rate of deterioration, even with the best of care, increases each year very rapidly. The greater part of the interior plumbing would have to be replaced, and very probably the wood stave water mains, originally installed when it was expected the camp would be required for two or three years only.

The CHAIRMAN. And would you be able to supply an answer to the question when the record comes up to you for revision?

Gen. CARSON. I think so; yes, sir.

The CHAIRMAN. For example, if you had to tear down 30 per cent of the buildings and establish a new system of construction for the other 70 per cent in order to utilize them, you might add to your answer to my previous question what that would cost?

Gen. CARSON. Yes.

NOTE.—To repair 70 per cent of the existing buildings and make them habitable for mobilization purposes, utilizing all material in the other 30 per cent as far as it would go, would, roughly speaking, require about $600,000 at present

prices for labor and material. As originally built, the camp could normally take care of about 36,000 troops, and I roughly estimate that the 70 per cent of the buildings that would be thus repaired would take care of between 20,000 and 25,000 troops. This estimate is based, of course, upon doing no more than is absolutely necessary to make the buildings habitable for a short period of time.

Mr. KELLEY. Of course, if the Veterans' Bureau should take the camp over it would be necessary to keep the camp in a fair state of preservation in its entirety, would it not?

Gen. CARSON. It depends on how many people they are going to put there.

Mr. KELLEY. I understand that; but you could not have, say, 2,000 or 3,000 men in a great wilderness of buildings which were not kept up.

Gen. CARSON. Undoubtedly they would concentrate them in one section of the camp.

Mr. KELLEY. Would you not have to take care of all the rest of the camp, because otherwise it would become unsightly and unlivable in a very short time?

Gen. CARSON. No; you would have to maintain the water service and the sewer service, naturally, but—this is just my opinion—you could concentrate in one section and keep those buildings in good shape and utilize the others for that purpose and tear them down.

CAMP HUMPHREYS.

Mr. KELLEY. I was over at Camp Humphreys the other day, and I think there is a place where you have concentrated and are using a portion of it.

Gen. CARSON. Yes, sir.

Mr. KELLEY. It seemed to me like the most desolate place in the world in every part of the camp except the part you were using, and it does not seem to me that young men could be kept there in civil life under civil conditions without having the rest of the camp kept up.

Gen. CARSON. Camp Humphreys is in process of being salvaged, and we have not finished salvaging those buildings. I do not know when you were there, but all of the buildings which they do not need have been sold, but the purchaser has not yet completed the removal of the buildings. I know that only the other day a request came to me from the purchaser for an extension of time to complete his contract, and that is why I say I know the work has not been finished.

Mr. KELLEY. The camp at Chillicothe, as I understand, was built for 30,000 or 40,000 people?

Gen. CARSON. That camp should be in fairly good condition, as good as a camp of that type can be maintained, because it was only recently occupied by what was left of a division of troops.

REMODELING BUILDINGS AT CAMPS.

Mr. ANTHONY. In order to get these figures in the record I will ask you to state whether or not they are correct. In every one of these cantonment buildings that you have remodeled has it not cost you on an average $5,000?

Gen. CARSON. I could not say.

Mr. ANTHONY. You have remodeled a number of them at the different camps, put partitions in them and made them habitable for the officers?

Gen. CARSON. Yes; some of them.

Mr. ANTHONY. You have remodeled none of them for less than $5,000?

Gen. CARSON. I think we have, but I would have to go to my records.

Mr. ANTHONY. If I recollect correctly, out at Camp Humphreys, where they used the materials out of some of these old buildings for the purpose of constructing bungalows, the cost to the Government was about $7,000 for each bungalow.

Gen. CARSON. No; I think they have run about $3,500, those we built recently.

Mr. ANTHONY. That is, $3,500 of actual money?

Gen. CARSON. Yes, sir; of course, they have used the labor on the post and the enlisted men have helped out, and that had to be done in order to give them the necessary accommodations.

CONDITION OF CAMPS.

Mr. KELLEY. Let me ask about a question of psychology. Do you think the average young men who have been injured in the war would be content to remain at one of these cantonments under civil conditions?

Gen. CARSON. I think they would if conditions were made satisfactory.

Mr. KELLEY. Of course, when they were getting ready for war there was the incentive of getting ready for it and the hope of participating in it, but will they be content under civil conditions, not as soldiers but as civilians, to go to one of these camps and stay for 12 months, 18 months, 2 years, or whatever time is necessary for their training for civil employment?

Gen. CARSON. I should think they would, Mr. Kelley.

Mr. ANTHONY. Does the Army consider these camps habitable for quarters at the present time?

Gen. CARSON. Well, they are habitable, and that is all you could say about them.

Mr. ANTHONY. But they do not enjoy being stationed there?

Gen. CARSON. No, sir.

HOSPITAL BUILDINGS AT CAMPS.

Mr. CANNON. You are not building hospitals at these camps, are you?

Gen. CARSON. No, sir.

Mr. CANNON. There are none there now?

Gen. CARSON. There are hospitals of a temporary character that were built during the war.

Mr. CANNON. You do not propose to reconstruct these hospitals?

Gen. CARSON. No, sir, we can not; we have no money to do it with.

USE OF CAMPS BY VETERANS' BUREAU.

Mr. CANNON. Are you recommending the retention of these posts with the view of reconstructing any of the buildings or hospitals for the purpose of taking care of people who are diseased, injured, or wounded?

Gen. CARSON. In these particular places we are merely asking for the necessary funds to complete the contracts, bargains or court decisions already in effect, in other words, to carry out the Government's bargains. What use will be made of them later on I am not in a position to say, and whether the Veterans' Bureau will acquire any of them or not I do not know.

Mr. CANNON. The question that was asked by the chairman led me to ask the questions I have just asked.

The CHAIRMAN. The reason I asked that question, Mr. Cannon, was this: A few days ago Mr. Forbes, the head of the Veterans' Bureau, was here. While he was here he said that he had in contemplation the taking over of six of these camps for vocational education purposes. Among that number was this camp at Chillicothe, and he said this: That he could do the rehabilitation work and the construction necessary to remodel for $20,000. Of course, I knew he could not, and everybody else knew he could not, and I wanted to get the viewpoint of somebody who had some knowledge of the situation, and hence the question I asked.

Gen. CARSON. Mr. Forbes may be right and I may be wrong, but I think we are looking at it from different angles.

The CHAIRMAN. We are not trying to embarrass anybody, but we think we are entitled to all the information we can get from every angle.

Gen. CARSON. Mr. Forbes may have contemplated a certain number of men, while I thought you were talking about the whole camp.

The CHAIRMAN. He made this statement: That he contemplated the destruction of 30 per cent of the camp, if I recall correctly, and the reemployment of the materials taken from that part of the camp destroyed in the reconstruction of buildings, and that all of this could be done for $20,000. Of course, he could spend the $20,000 in 15 minutes and he would not have completed 1 per cent of the work he undertook, in my judgment.

Gen. CARSON. But probably he was going to get a great deal of the labor from the men who were undergoing training.

[NOTE.—On inquiry, I was informed that Mr. Forbes's estimate was based on repairing a small number of buildings known as community houses for the accommodation of the few men that he would start with, utilizing material in a portion of the old buildings as far as it would go, the labor of the men under the vocational training as far as possible, and $20,000 in addition. These community houses were built from private funds, were of more durable construction than the cantonment buildings, and hence could be repaired for less than the buildings erected by the Government for training purposes.—Gen. CARSON.]

The CHAIRMAN. Of course I do not know, but I do not see how he could use men in the construction of buildings who were sent there to learn the trade of shoemaker, blacksmith, tailor, or to study typewriting, shorthand, barbering, and all the other activities.

Mr. KELLEY. He might use them in tearing down the buildings and taking out the nails.

Gen. CARSON. That would be very good training for them.

The CHAIRMAN. For a barber?

Gen. CARSON. No; but for men who went there to learn to be carpenters or blacksmiths, and then they could be shaved by those men learning the barbering business.

The CHAIRMAN. I think we will pass on.

Mr. CANNON. I want to say that my question was asked without reference to anything the director stated; in fact, I do not recollect that question, but I may have been absent.

The CHAIRMAN. The reason I asked the question was to get the other side of the information.

OFFICE OF CHIEF SIGNAL OFFICER.

WASHINGTON-ALASKA MILITARY CABLE AND TELEGRAPH SYSTEM.

SATURDAY, NOVEMBER 12, 1921.

STATEMENTS OF LIEUT. COL. FRANK J. GRIFFIN, SIGNAL CORPS, UNITED STATES ARMY, AND LIEUT. COL. C. A. SEOANE, OFFICER IN CHARGE, WASHINGTON-ALASKA CABLE SYSTEM.

FOR REPLACING WORN-OUT PORTIONS OF TELEGRAPH AND CABLE SYSTEM.

The CHAIRMAN. Colonel, we have a request for the appropriation of $1,500,000 for replacing the worn-out portions of the Washington-Alaska military cable and telegraph system, to remain available until expended. Tell us where the terminals of this cable system are.

LENGTH AND USE OF SYSTEM.

Col. GRIFFIN. The Washington-Alaska military cable and telegraph system includes 2,675 miles of submarine cable, having its United States terminal in the city of Seattle, State of Washington, and its Alaska terminals at Seward, Valdez, Cordova, Skagway, Sitka, and Ketchikan, where, by means of various telegraph, telephone, and radio stations it serves as practically the only communication outlet for the entire Territory of Alaska.

The CHAIRMAN. What does the entire Territory of Alaska involve? What is the importance of the service, how many people are in Alaska, and how many of them use this cable service?

Col. GRIFFIN. Col. Seoane, who is the gentleman that is particularly in charge of this service, has all of the details. He has come on from Seattle on other duties; he is not primarily here for this purpose, but he happens to be in Washington and is prepared to give all of the territorial and technical conditions of the situation.

COST AND RECEIPTS OF SYSTEM.

The CHAIRMAN. I will ask you a few other questions, and if they are not within your knowledge you can let him answer. Tell us what the original cost of this cable system was, if you know, including the cost of operation and repairs, for the past 10 years.

Col. GRIFFIN. The original cable system was built 19 years ago; it was installed just about the time of the boundary difficulties and was erected at the urgent request of the Secretary of State and turned over to the Signal Corps as part of the War Department for immediate construction. I have not at the present instant the original cost of the cable, but Col. Seoane has that.

The CHAIRMAN. If he has it, let him answer. Have you the cost of operation and repairs for the past 10 years also?

Col. GRIFFIN. One hundred and forty thousand dollars a year has been our maximum appropriation.

The CHAIRMAN. So that would be $1,400,000 for 10 years?

Col. GRIFFIN. Yes, sir.

The CHAIRMAN. What have been the receipts over a period of 10 years?

Col. GRIFFIN. In money terms it is estimated that this system nets the Government as follows——

The CHAIRMAN (interposing). What do you mean by "nets?"

Col. GRIFFIN. I will give the figures and then the basic computation. The value of the Government's business is $219,000.

The CHAIRMAN. For 10 years?

Col. GRIFFIN. Per year. The receipts deposited in the United States Treasury are $184,000 per year.

Mr. ANTHONY. That is for commercial work?

Col. GRIFFIN. Yes, sir; and the subsidy to the press, as represented by the Government's commercial rates, that is, the difference is $62,000 per year.

PRESS AND COMMERCIAL RATES.

Mr. ANTHONY. What do you mean by subsidy to the press?

Col. GRIFFIN. The press gets a lower rate.

Mr. ANTHONY. You would not call that a subsidy, would you, Colonel, because all of the telegraph companies make a lower press rate than they do a commercial rate.

Col. GRIFFIN. That is true; yes.

Mr. ANTHONY. What percentage of your regular rate is it?

Col. SEOANE. In money totals we figure that we could make from $65,000 to $75,000 more a year if we maintained the commercial rate, but by maintaining lower rates the Government is virtually giving a bonus or a subsidy toward the development of Alaska to the extent of about $75,000, if you wish to construe it that way.

The CHAIRMAN. You mean to the press?

Col. SEOANE. Well, call it the press or call it the general development of Alaska.

Mr. ANTHONY. When you speak of a subsidy to the press you mean a lower newspaper rate?

Col. SEOANE. A lower newspaper rate; yes.

Mr. ANTHONY. Is your newspaper rate lower than the press rate on other systems?

Col. SEOANE. Their rate is between 3 and 4, and we are charging 1½.

Mr. ANTHONY. What is the press rate?

Col. SEOANE. It is between 1 and 2 cents a word.

Mr. ANTHONY. What is your commercial rate to Alaska?

Col. SEOANE. Our commercial rate to Alaska, to southeastern Alaska, is $1 on a night message of 50 words.

Mr. ANTHONY. What is the press rate?

Col. SEOANE. One cent per word.

Mr. ANTHONY. As against——

Col. GRIFFIN (interposing). As against 2 cents a word for a night message and 10 cents a word for a day message.

The CHAIRMAN. Who authorizes these rates? Is that a matter of law or a matter of regulation?

Col. SEOANE. They are a matter of regulation; the Secretary of War approves them. The Chief Signal Officer of the Army and those in his office make up the rates, in conjunction with their operations with the Western Union and the other companies that the system operates with, and thus come to an established rate which the Secretary of War finally approves.

The CHAIRMAN. Were the rates increased during the war?

Col. SEOANE. Not at all.

The CHAIRMAN. The same rates applied?

Col. SEOANE. Yes, sir.

CONDITION OF CABLE.

The CHAIRMAN. What is the present condition of the cable?

Col. SEOANE. The present condition of the cable is one in which nineteen-twentieths of the electrical current escapes into the ground, and it is in such a worn-out condition that unless something is done very quickly the cable will probably go out completely, and all the examinations we have made indicate that something must be done about it. The cable is in such a state of deterioration that last winter in one part of the cable, where we were trying to raise it from 2,000 fathoms, it broke 34 times before we could get it up, and it is rapidly becoming junk.

REPLACEMENT OF CABLE.

The CHAIRMAN. How long will it take to replace it?

Col. SEOANE. We are asking in a very economical way for the replacement of a section only 1,000 miles in length—from Seattle to Sitka. There are 2,500 miles in the cable all told. If this is granted, we expect that it will take from six to eight months to make the new cable and take some three months to put it down, and then we will commence the work of taking up the old cable, revising it, taking bad sections of it out and using the better sections to rehabilitate the remainder of the cable without cost to the Government.

The CHAIRMAN. There are 1,000 miles involved in this?

Col. SEOANE. Yes, sir.

The CHAIRMAN. How did you arrive at the cost of $1,500,000?

Col. SEOANE. The cable will cost practically $1,500 a mile, and that was arrived at as a result of a board of officers, headed by Gen. Russel, in the office of the Chief Signal Officer, and supported by our engineers who have made investigations, and then we have had conferences with the cable companies. Mr. Leroy Clark, who is the President of the Safety Insulated Wire & Cable Co., in New York, came here and held a conference in the office of the Chief Signal

Officer, representing the cable companies in New York, and stated that $1,500 a mile was the average price that we would have to pay.

The CHAIRMAN. Did not the War Department accumulate any cable during the war that would be fit for this work?

CABLE FROM ENGLAND TO FRANCE.

Col. SEOANE. No; it never dealt in any case with cable of this sort during the war, except some cables connecting England and France, which were bought and contracted for in England and made by English companies, and then sold to England and France. In other words, we did buy new cable to connect England and France during the war, but that is the only cable of this kind that was dealt in at all.

The CHAIRMAN. Why did we buy it?

Col. SEOANE. To carry the heavy traffic running from the headquarters in France to England.

The CHAIRMAN. Did they have to make arrangements to carry that traffic?

Col. SEOANE. Yes; because the other cables were so enormously overloaded.

The CHAIRMAN. What has become of that cable?

Col. SEOANE. It was sold. Gen. Dawes, you know, sold it in the general clean-up in France—it was sold to England and to France.

The CHAIRMAN. How much did that cost?

Col. SEOANE. That was only 25 miles, and I think that cost something like $400,000, and they sold it for three-fourths of that amount. In conversation with Gen. Russell he said he thought they made a good clean-up on that.

Col. GRIFFIN. The cost of the installation of that cable was greater than the ordinary cost by reason of the fact that the English Channel was infested with submarines, and it could only be laid under extremely difficult conditions.

METHOD OF LAYING CABLE.

The CHAIRMAN. How would this cable be laid—by a private company or by the military forces?

Col. SEOANE. By the military forces. We have a cable ship of our own, and we are not putting down one cent for transportation, because we would bring the ship from Seattle to the place where the cable was manufactured, take it out and lay it.

The CHAIRMAN. I understood you to say it would take eight months before you were ready?

Col. SEOANE. Yes; it will take six to nine months.

The CHAIRMAN. Then why is it necessary to have an appropriation in a deficiency bill for that purpose when the regular bill is soon to be taken up?

Col. SEOANE. Unless we can get the manufacture of this cable started at once we are very apt to get into a very serious situation as regards this cable; we must get something started, because the cable is in such condition that it is likely to go out at any time, and we are just hanging on fate, that is all.

The CHAIRMAN. How long has this condition existed, and how long have you known of its existence?

Col. SEOANE. The condition has existed for a long time, and had this cable been a commercial cable instead of a Government cable I suppose it would have been replaced a good many years ago—five, six, or seven years ago. It has come up from time to time but I suppose it has looked—although probably I should not say this—like too big a project. When I got out to Seattle and had been out there for a year studying that cable, I certainly made up my mind that the whole thing was junk and that the Secretary of War ought to make up his mind to replace the cable or close it up.

LIFE OF SUBMARINE CABLE.

The CHAIRMAN. What is the life of submarine cable, generally?

Col. SEOANE. The life of submarine cable is dependent on a good many things, but it——

The CHAIRMAN (interposing). Well, one thing?

Col. SEOANE. But it ought to be from 25 to 30 years.

The CHAIRMAN. How long has this been down?

Col. SEOANE. Seventeen years.

The CHAIRMAN. And its life ought to be 30 years?

ORIGINAL COST OF SYSTEM.

Col. SEOANE. The life of a good cable ought to be 30 years, but this was put down as a very quick affair for Mr. Root, who wanted the cable down at once, and it was put down at the very low cost of $1,450,000. Then an experiment was carried on of using rubber insulation, as there was no gutta percha—which is the proper insulation—manufactured in the United States. Moreover, we did not want to go abroad, as the subject of boundary questions was coming up.

The CHAIRMAN. If it only cost $1,450,000 when it was put in, why should it cost $1,500,000 for 1,000 miles?

Col. SEOANE. That was only for the first cable that was put in, but there were extensions put in afterwards that made its cost run up to about two millions and a quarter. The cable as it was put in was a very small-sized cable; it is very much like electric wiring, and on the amount of copper content in the cable depends not only its usefulness in a commercial way but its service capacity.

The CHAIRMAN. How much business have we in Alaska that requires the expenditure of this money?

Col. SEOANE. We have a great deal of business there; we are doing about 10,000,000 words a year, or 1,000,000 words in a month, and in August we ran at the peak in the number of messages passing over the cable.

WIRELESS COMMUNICATION WITH ALASKA.

The CHAIRMAN. Have we any wireless stations there?

Col. SEOANE. Yes, sir.

The CHAIRMAN. Why can we not use them, because I have understood that wireless was going to supplant cables?

Col. SEOANE. No, sir; it can not be done.

Mr. ANTHONY. A few years ago the Signal Corps came to the Committee on Military Affairs and asked for an appropriation to

complete the wireless communication with Alaska on the theory that it would supplant that cable.

Col. SEOANE. Yes, sir; that is quite true, and wireless engineers—and I am speaking only from the technical point of engineering—believed so and had that thought in mind for a long time, and to such an extent that cable companies were holding off, and men like Mr. Mackay and others who were at the head of cable companies thought that the cable business would go out and that radio would supplant the cable business entirely, but they have since come to the opinion that both are filling spheres of usefulness and that each is independent of the other, and that radio can not take the place of cables any more than the trucks you see carrying freight along the streets can take the place of freight trains.

The CHAIRMAN. As I understand it, there are 2,500 miles of this cable, and you say 1,000 miles are giving out. Why is it 1,000 miles are giving out?

Col. SEOANE. From Seattle to Sitka there are 1,000 miles of cable laid in the deep sea and it is all worn out.

The CHAIRMAN. And if we give you enough money to replace the 1,000 miles of cable you will be coming back for money to replace the other cable.

Col. SEOANE. No; we are just asking for money enough to replace 1,000 miles with new cable, and then we are going to repair the other portions of the cable with pieces recovered from the old thousand-mile cable.

Mr. KELLEY. Can you attach a large cable to a small cable and make it effective?

Col. SEOANE. No; we can not do that; you have got to run from your two terminals with one size or else you are limited by the small size; but the cable that is going to be put in will be of a larger size, because this cable is worked to the limit; they are working 24 hours a day on it, and we are using the Philips code, and everything else, for the purpose of trying to get the traffic through; the speed of that cable is 24 words a minute and we have got to work 24 hours a day to get the traffic through on 24 words a minute, so we are going to have cable that will be a little heavier in copper content.

GOVERNMENT MESSAGES.

Mr. KELLEY. What branches of the Government patronize this organization?

Col. SEOANE. All branches of the Government patronize this cable.

Mr. KELLEY. Have you the figures showing the tolls charged to each department?

Col. SEOANE. Yes, sir. This is for the month of September, and the official business is, War, $7,258; Alaskan Engineering Commission, which is building the railroad—and, incidentally, we think we are building the railroad by cable because they use it so much—$1,146; Interior Department, $1,666; Department of Justice, $900; Roads, $825; Commerce, $269; Treasury, $110; Post Office, $589; Navy, $28; Labor, $10; and Agriculture, $1,607, making a total of $14,413 of Government business, and commercial business, $15,124.

COST OF OPERATION.

The CHAIRMAN. How much does it cost to operate it?

Col. SEOANE. There has been appropriated $140,000 a year for the past 10 years, and we have to squeeze in every possible way to get along.

The CHAIRMAN. How much money have you spent out of military appropriations in addition to the $140,000?

Col. GRIFFIN. None from Signal Corps funds, but——

Col. SEOANE. There is nothing spent, except——

The CHAIRMAN (interposing). You have a cable ship there and a crew on it, and that is a part of the cost, or would be, if it was privately controlled.

Mr. ANTHONY. The pay of the officers and men of the Signal Corps connected with this cable comes out of the military bill.

Col. SEOANE. That is all right.

The CHAIRMAN. That is all right, but what we want to get at are the facts. We do not want you to simply say it is all right; and what we want to know is this: You get $140,000 a year from Congress, and you spend how much money from other sources that does not appear in this $140,000? That is what we want to know.

Col. SEOANE. The pay and upkeep of the troops, transportation, and the cable ship. I have it here in the statement.

The CHAIRMAN. We would like to have you put that in, and then, of course, the receipts, $15,000 from outside and $14,00 from inside.

Col. SEOANE. That is just the month of September, but I have it by years.

Mr. ANTHONY. You say you received $7,258 of business from the War Department during the month of September?

Col. SEOANE. Yes, sir.

Mr. ANTHONY. That means that practically all the orders and communications from the War Department were sent over your cable instead of by mail?

Col. SEOANE. I have no way of measuring what is done by mail, because that is in the Post Office Department.

Mr. ANTHONY. How many troops have you in Alaska?

Col. SEOANE. Well, the troops we have in Alaska are not a great many, but then they are scattered in little numbers, and the little numbers have to do the work of bigger numbers.

Mr. ANTHONY. Those figures of $7,000 show that simply because the Government has the free use of that cable that the War Department is making excessive use of it. Of course, you would not like to say that, but it would appear that way to us on the outside.

Col. SEOANE. I might say that the War Department, per se, is only using about half of that amount; the other half is used by the cable system itself; there are 250 soldiers scattered along the stations on that cable system, and as the headquarters is down in Seattle, messages having to do with the stations and the men are constantly passing backward and forward.

RECEIPTS AND COST OF OPERATION.

The CHAIRMAN. Give us all the details, showing how much the monthly revenue is, and how much the monthly cost is.

Col. SEOANE. At various times questions are raised concerning the cost of overhead of the Washington-Alaska Military Cable and Telegraph System. These questions are in a way related to tentative propositions having to do with the release of the cable from War Department control to some other department of the Government, or in turning it over to commercial interests. To answer such questions purely from the standpoint of cost analysis, the following summary has been prepared under three headings: Cost under the military, cost under another branch of the Government not having military personnel, and cost under commercial control. An analysis has been made which shows that the system as operated under the military brings a net return to the Government of $325,000 a year. For the sake of completeness, there may be no objection to a restatement of these figures under this heading. The basis of such computation is as follows: Value of Government business, $219,000.

The CHAIRMAN. Is this simply a bookkeeping charge or account, or does it represent revenue from the Government?

Col. SEOANE. It is purely bookkeeping account, because the Treasury Department, Department of Justice, Department of Commerce, and Department of Agriculture do not pay any of that. The money receipts deposited in the United States Treasury, under this statement, amount to $184,000, and the subsidy to the press as represented by the Government and commercial rates is $62,000, making a total of $465,000. This does not take any credit for the reduction in the form of night letter rates. From the total amounting to $465,000, there should be subtracted $140,000 appropriated annually for the upkeep of the system. This leaves a net return to the Government of $325,000, but does not take into consideration expenses of the military personnel operating the system, which is an overhead borne by the Army at large, and has no place in accounting for such an enterprise as this.

The CHAIRMAN. I am afraid, that you are making an argument instead of a statement. We would like to have a statement of the cold facts, and not an argument, showing the reason why certain things have been brought about.

Col. SEOANE. Were the military to turn over the system to some other bureau of the Government not employing military personnel, such bureau or department would at once have to assume the burden of the overhead of the personnel necessary to carry on the duties. This amounts to $296,800 per annum in payment of salaries——

The CHAIRMAN (interposing). Do we have that expense now?

Col. SEOANE. Yes, sir; but you would not do away with the troops. The three companies of Signal Corps troops, if they were not up there, would be in Texas or somewhere else, and you could not charge them to the Alaska system for the same reason that you would not charge them to Texas or to the international boundary of Mexico.

Mr. ANTHONY. If it were being operated by a private corporation, they would not have that number of men on the line.

Col. SEOANE. As I said, this amounts to $296,800 per annum in payment of salaries, $30,000 for quarters, fuel, and light, and $180,000 for transportation, making a total of $506,800. To this should be added the annual appropriation of $140,000 used in technical upkeep and maintenance of the wire system, making a total of $646,800. Against this there would be an income to the Treasury of $180,000 cash turned in as business receipts, leaving a net annual deficit to the Government of $446,800. As the cash income resulting from commercial business is not available for expenditure on the system and must be turned into the Treasury, it remains that the annual appropriation would have to be $646,800 instead of $140,000 as at present. In other words, the Government would be losing the difference between what it now appropriates, $140,000, and what it would have to appropriate, $646,000, or a net additional loss of $560,800, involved in the pay and overhead of additional personnel, it being assumed, of course, that no department of the Government other than the military has personnel available or under pay to assign to the duties of keeping this system in running order.

RATES.

The CHAIRMAN. Is there any reason why, notwithstanding the fact that we are using Signal Corps men to operate this cable system, that the cost should not be made the basis of the rates?

Col. SEOANE. Yes, sir. I should say that that is purely a matter of policy that the Secretary of War and the administration itself handles with regard to Alaska, and the governor of Alaska and many others have something to say about that. Therefore the Signal Corps and the technical people operating the cable do not make a strong stand one way or the other on that.

The CHAIRMAN. From the purely economic standpoint you should recognize this fact, that the Secretary of War, the head of the Signal Service, and the governor of Alaska do not pay this bill, but the people of the United States must pay the bill. We must tax them for it.

Col. SEOANE. Yes, sir; for the development of Alaska.

The CHAIRMAN. There has been no development of Alaska. Everybody knows that.

Mr. BYRNS. How do the rates compare with the rates of commercial cable lines?

Col. SEOANE. They are about 40 per cent lower. If a commercial company had the line they would probably raise the rates 40 per cent.

Mr. BYRNS. Why should not the Government raise the rates?

The CHAIRMAN. According to this statement, we are paying more than $400,000 over and above what we receive. Why not collect that in the form of rates, or why not charge the same as the commercial rates?

Col. SEOANE. The rates could be put up, and that is a matter of administrative policy.

The CHAIRMAN. It is a matter for us to decide, and not for people who are not paying any attention to the interests of the taxpayers to decide.

WIRELESS COMMUNICATION WITH ALASKA.

Mr. ANTHONY. Alaska is connected up with the United States by wireless, is it not?

Col. SEOANE. The Navy maintains a wireless system.

Mr. ANTHONY. Is it practicable for the Government to send its official messages by wireless to Alaska to-day?

Col. SEOANE. The Government could send its official messages that way, but the system as a whole could hardly ever be divorced or separated from the great fact that this is now a commercial system and is carrying on a great amount of commercial business.

Mr. ANTHONY. Do you mean by wireless?

Col. SEOANE. No, sir; I mean the cable system.

Mr. ANTHONY. Are there any commercial messages sent by wireless?

Col. SEOANE. There are some when we have breaks in the cable.

Mr. ANTHONY. If this cable should be cut, would the wireless system be able to care for all the traffic of Alaska?

Col. SEOANE. No, sir; it would not.

Mr. ANTHONY. How much could it carry on?

Col. SEOANE. We have gone into that, and I should say that it would hobble along in carrying about half of it.

GOVERNMENT MESSAGES.

Mr. KELLEY. I notice that the Navy's bill was $28 for use of the cable, and I suppose they do all of their business by wireless.

Col. SEOANE. They have not much business in Alaska. They are the least. It is mostly for the Agricultural Department, Department of Justice, and Interior Department.

The CHAIRMAN. Why does the War Department have such an enormous cable bill?

Col. SEOANE. The War Department's bill is not nearly as large as that of the Interior Department. The Interior Department is the big one in this particular. The War Department's charge appears here as $7,000, but that ought to be $3,500, because but half of that represents official War Department business. The rest of it is for the maintenance of the system itself.

Mr. ANTHONY. How long does it take to carry mail by boat from Seattle to Sitka?

The CHAIRMAN. Does anybody ever censor messages on this question of costs, or does anybody determine whether these department communications might go by mail at a cost of 2 cents instead of at this much larger cost by cable?

Col. SEOANE. The officer in charge happens to be myself, and if we see business going through that does not seem to warrant the use of the cables we take the matter up at once. For instance, the Department of Justice was sending certain subpœnaes by cable, and we took it up with them, saying that this use of the cables did not appear to be justified. We have received an answer from them showing that it was absolutely warranted because of the fact that communication with distant places was not possible on account of snow, so that what appeared to be an unreasonable thing in the beginning after investigation appeared to be all right.

DELIVERY OF CABLE MESSAGES.

The CHAIRMAN. What about the delivery of these cable messages at the end of the line?

Col. SEOANE. We deliver them at the end of the line.

The CHAIRMAN. Is the cost of delivery included in the figures you have given us?

Col. SEOANE. Yes, sir; the cost of delivery is included. A large amount of these messages are really commercial messages to places like Valdez, Cordova, Seward, Ketchikan, etc., where business has come to establish itself. In those towns we have cable messengers employed to deliver the messages, just like the Western Union would do. If you were in any of those towns, you would not know but that the Western Union was running the system.

COMMERCIAL BUSINESS AND RATES.

The CHAIRMAN. Why should not the commercial interests in Alaska pay as high rates for cable service as commercial interests in the United States?

Col. SEOANE. It is affected by the fact that the people up there are undergoing some hardship and they are not so satisfied there. They are leaving Alaska, and it is the only territory that showed a decrease in population in the last census. There are only 25,000 white people there now. Notwithstanding that, however, the cable business has grown and has grown consistently every year, so that the War Department is taking a sort of credit toward establishing at least general contentment among the people along this line.

Mr. BYRNS. Has it grown with respect to commercial business or Government business?

Col. SEOANE. The commercial business is growing. In the beginning it was hardly anything.

Mr. BYRNS. Has it grown recently?

Col. SEOANE. Yes, sir; the commercial business has grown recently.

MAIL FROM SEATTLE TO SITKA.

Mr. ANTHONY. How long does it take mail to go from Seattle to Sitka?

Col. SEOANE. About five days. There are boats that go every two weeks. The boats, of course, take in that whole run of towns and Sitka would be in the run. Sitka is a little off the main route, and I do not think it gets as good service as other places like Ketchikan, Skagway, and Cordova.

The CHAIRMAN. In this table showing the cost of operating the cable, you have not included anything for capital account. If you should compute interest at 4 per cent upon the capital investment, that amount would be added to the loss, would it not?

Col. SEOANE. This cable in the first eight years cost the Government a gross sum of about $6,250,000, and there was a return to the Government of about two and one-third million dollars, so that it cost the Government less than $4,000,000, or about three and two-thirds million dollars. That is all that the Government has put into this great system, and it is really a great system. Alaska would certainly be a dead place if it did not have this communication system.

RATES.

The CHAIRMAN. Your idea is that the rest of the people here in the United States ought to be taxed to make up this loss, in order that a few people there may enjoy lower rates than we are enjoying?

Col. SEOANE. Well, it is like the Mexican boundary when there are a great number of troops concentrated down there. With the military operating it, it is just the work of an executive arm of the Government, carried out under that policy.

The CHAIRMAN. But that is not the way the people of the United States look upon the levying of taxes on them.

Col. GRIFFIN. It might be said that there is no commercial telegraph company in Alaska.

The CHAIRMAN. But they ought to pay a rate that would justify us in entering upon the activity, or should pay a rate commensurate with the responsibility assumed.

Col. SEOANE. This is something like the post office policy, where the Government does not increase the postal rates when it carries the mail into difficult or inaccessible mountain regions.

The CHAIRMAN. But they increased the rates during the war.

Col. SEOANE. Yes, sir.

The CHAIRMAN. And you did not.

Col. SEOANE. No, sir; we did not.

Mr. KELLEY. Do you think this will be a profitable venture for a private company?

Col. SEOANE. Not yet, but eventually it will be; and as soon as it becomes a profitable venture for a commercial company, a commercial company will be applying for the privilege of taking over that cable. The Government has always carried out such pioneering business. The Government built the telegraph lines along the Union Pacific Railroad and out into California, and when it became profitable the Government withdrew. That has been the Government's policy.

The CHAIRMAN. Is that all you care to say about it?

COMMUNICATIONS CONGRESS.

Col. GRIFFIN. There is one other factor that we consider of some importance, and that is that the purchase and installation of this cable system was seriously considered by the Communications Congress, at which there were 31 communication systems altogether that received approval. Those systems were listed in the order of their importance in that Communications Congress, and the Alaska cable system was listed as second in importance.

The CHAIRMAN. That was the conference that did not agree on anything?

Col. SEOANE. No, sir; that was a conference that the Secretary of State called from among the heads of the several departments, to make their recommendations to the State Department.

The CHAIRMAN. If you could get a good, live man on one of those conferences, he would dominate it and get anything he wanted. He would have it listed as second or anything else that he chose, and perhaps you had a good man on the conference.

COMPARISON OF COST OF OPERATION UNDER GOVERNMENT AND COMMERCIAL CONTROL.

Col. SEOANE. I would like to read this statement in regard to the cost under commercial control.

If the system were taken under commercial control, there would be a certain recasting of figures, but an analysis is not difficult, and to make the same complete the figures can be summed up as follows:

At present the pay and overhead of the military personnel on the system amounts to $296,000 per annum. The annual appropriation for maintenance and upkeep is $140,000 per annum. General appropriations from the Quartermaster Corps furnishing heat, light, and other services to stations, not covered in the above items, is reckoned at $30,000 per annum. Quartermaster expenditures for the cable ship *Burnside* total $180,000 per annum. The above amounts total $646,800. The cash income deposited into the Treasury has been for several years $180,000. This represents only one-half of the business done by the system, the other half being services rendered the various departments of the Government which have an equal worth of $180,000; therefore the system does about $360,000 worth of business per annum.

If a commercial enterprise were to take over the system it would at once increase the rates in keeping with commercial rates elsewhere, and this would add about 40 per cent to the income, making $504,000. A commercial enterprise would furthermore make certain savings, such as eliminating nonpaying telegraph stations in Alaska, and reducing personnel to an absolute minimum, such as having one man at a telegraph office where the Signal Corps maintains a minimum of two. It is very difficult to estimate how much of a cut or saving they could make in this regard. Wages in Alaska are high and it is not easy to procure skilled personnel to remain there. The result is there might be no saving possible at all. But, on the other hand, there is no objection, in order to eliminate argument, to admitting a saving factor as high as 30 per cent. This would amount to $89,000 saving, which should be taken from the total expenditure of $646,800 mentioned above, leaving a possible debit figure of $557,800. A commercial enterprise would have to pay approximately 6 per cent dividends and would have to earn in addition 4 per cent annual surplus, and also provide about 4½ per cent for depreciation and 14 per cent for taxes. This would be a figure somewhere between 28 and 30 per cent that would have to be added to the income. Therefore the debit figure of $557,800 is but 70 per cent of what the income should be, which in figures equals $795,000. The best income procurable, as shown above, would amount to about $504,000, from which it is seen that the annual deficit would be $291,000.

Mr. ANTHONY. That is based upon the assumption that the Government would patronize it to the extent that it does now?

Col. SEOANE. Yes, sir.

Mr. KELLEY. Which probably would not happen?

Col. SEOANE. Yes, sir; that is true.

The CHAIRMAN. They would not send 100-word messages where they should send 5-word messages. They would not write the word

"period" out at the end of each sentence as they do now. People in running their private enterprise do not send messages of that sort.

Mr. KELLEY. The Navy Department has its wireless system connected up with Seattle?

Col. SEOANE. Yes, sir.

Mr. KELLEY. And it takes commercial business?

Col. SEOANE. Yes, sir.

SATURDAY, NOVEMBER 12, 1921.

NATIONAL GUARD.

STATEMENT OF MAJ. LOUIS C. WILSON, QUARTERMASTER CORPS, UNITED STATES ARMY.

ARMING, EQUIPPING, AND TRAINING THE NATIONAL GUARD.

The CHAIRMAN. We have received informally an estimate for arming, equipping, and training the National Guard, as follows:

WAR DEPARTMENT,
Washington, November 7, 1921.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

MY DEAR SIR: 1. The Army appropriation act, approved June 30, 1921, contained the following amounts for the purposes indicated, with a provision that "20 per cent of the foregoing amounts for arming, equipping, and training the National Guard shall be available interchangeably for expenditures for the purposes named; but not more than 20 per cent shall be added to the amount appropriated for any one of such purposes":

Travel of officers and noncommissioned officers of the Regular Army in connection with the National Guard	$85,000
Transportation of supplies	175,000
Expenses, sergeant instructors	110,000

2. The above amounts have proven insufficient for the needs of the National Guard, and it is estimated that the following additional amounts will be required:

Travel of officers and noncommissioned officers of the Regular Army in connection with the National Guard	$100,000
Transportation of supplies	175,000
Expenses, sergeant instructors	100,000

3. (*a*) The additional amount shown for "Travel of officers, etc.," is required to carry out the provisions of section 93 of the act of June 3, 1916, making the annual armory inspections; detailing of instructors under the act of March 3, 1911, and sergeant instructors under section 36, act of June 3, 1916, and for travel of such officers and enlisted men while so detailed, as provided by existing regulations promulgated by direction of the President.

(*b*) The original amount provided for transportation of supplies issued by the Federal Government from reports received from the several supply bureaus, has practically been exhausted, and unless additional funds are made available for this purpose, all issues will shortly have to be suspended. In this connection it may be stated that the sum of $5,500,000 was appropriated for the payment of supplies which can not be furnished from the surplus or reserve stores of the Regular Army and these greatly exceed in value the articles for which charge is made, but the funds appropriated for the transportation must cover the cost of the shipment of both classes of issue, so that the original amount provided is totally inadequate to provide for the shipment of supplies amounting to millions of dollars.

(*c*) The additional amount requested for sergeant instructors is necessary for the payment of quarters, heat, light, medicines, and medical attendance of

100 additional sergeant instructors, which number is absolutely essential in order that the proper instruction may be given the organizations of the National Guard, as provided by law and regulations.

4. In order to meet the situation without increasing the total amount appropriated for the National Guard, it is recommended that legislation, substantially as follows, be enacted:

In addition to the amounts authorized in the Army appropriation act for the fiscal year ending June 30, 1922, the following additional amounts pertaining to other purposes under the title "Arming, equipping, and training the National Guard," or to the appropriation for "Arms, uniforms, equipment, etc., for field service, National Guard," may be used for the purposes indicated:

For travel of officers and noncommissioned officers of the Regular Army in connection with the National Guard	$100,000
For transportation of supplies	175,000
For expenses, sergeant instructors	100,000

5. The Director of the Budget has been consulted and concurs in the above recommendation.

Sincerely, yours,

JOHN W. WEEKS, *Secretary of War.*

SIZE OF NATIONAL GUARD.

Mr. ANTHONY. What is the size of the National Guard to-day?

Maj. WILSON. One hundred and thirty-two thousand two hundred and twenty-one was the strength as of October 31, 1921.

Mr. ANTHONY. Is the necessity for this increased appropriation for the transportation of supplies, mileage for officers, etc., occasioned by the extraordinary growth of the guard?

Maj. WILSON. The rapid development of the National Guard: yes, sir.

Mr. ANTHONY. Is the development of the National Guard exceeding the anticipation of the department?

Maj. WILSON. The average ratio of increase at present is 78 or 80 units per month.

Mr. ANTHONY. That is the rate of increase?

Maj. WILSON. Yes, sir.

Mr. ANTHONY. You are recognizing that number of units?

Maj. WILSON. Yes, sir.

Mr. ANTHONY. What do you mean by a unit?

Maj. WILSON. The average unit coming in has a strength of 50 men, and in some cases they exceed that by a few men. After such recognition as units they are apparently growing rapidly by recruiting.

Mr. ANTHONY. If that rate of growth is maintained until the end of the fiscal year, or until next July, what will be the strength of the National Guard?

Maj. WILSON. Very nearly 160,000 men, allowing for a certain degree of uncertainty as to the number of recruits that will go into each unit after recognition.

Mr. ANTHONY. When we framed the appropriation bill last January what was the size of the National Guard?

Maj. WILSON. The strength on July 1, 1921, was 103,640, and in the year previous, on July 1, 1920, the strength was 56,106. The strength as of the period you mentioned is just about in between those two figures.

Mr. ANTHONY. So that, when you made your estimates for the last appropriation bill, they were based upon a National Guard strength considerably smaller than exists to-day?

Maj. WILSON. Yes, sir.

Mr. ANTHONY. And the growth of the National Guard will be so rapid that it will bring it up to this maximum you mentioned of 160,000?

Maj. WILSON. Yes, sir.

Mr. ANTHONY. By the end of the fiscal year?

Maj. WILSON. Yes, sir.

Mr. ANTHONY. Which will be larger than was anticipated at the beginning of the fiscal year?

Maj. WILSON. Along about November of last year we figured that we would reach about 160,000 during the year.

Mr. ANTHONY. If I remember correctly, we were informed by the War Department that they expected the Guard to expand to about 135,000 during this fiscal year.

Maj. WILSON. Yes, sir.

Mr. ANTHONY. What do the new units consist of that you are recognizing?

Maj. WILSON. Of all arms of the service.

Mr. ANTHONY. For some time you have had a rule that you would only recognize certain units of certain different classes in the different States. In other words, you were requiring the National Guard to equip their units in the same proportion as in the regular service.

Maj. WILSON. Under an approved plan.

Mr. ANTHONY. And the plan contemplates that the State must maintain a certain amount of field artillery, for instance.

Maj. WILSON. Yes, sir.

EQUIPMENT AND SUPPLIES.

(See p. 538.)

Mr. ANTHONY. In other words, an organization of field artillery gets a vast amount of equipment, involving a great deal of transportation.

Maj. WILSON. Yes, sir.

Mr. ANTHONY. Do you not find it pretty expensive or exhausting on your funds to ship vast amounts of supplies like that to organizations of field artillery?

Maj. WILSON. The supplies are vast in the aggregate, but they are consistent and are recognized as being necessary equipment for the National Guard.

Mr. ANTHONY. The reason I asked you that question was this: I am familiar with two or three local artillery companies organized at county seats in my home State, and to each one of those companies that were organized there were shipped nine carloads of equipment, including about 40 horses to each battery. There were said to be about nine carloads of equipment, and it rather taxed the capacity of those people to take care of equipment of that kind. Is it not possible for the companies to get along with a less amount of equipment?

Maj. WILSON. They do not get all of the equipment that similar organizations of the Army would get, but they get practically the same equipment. The policy is that they shall be trained while in the State service just as they would be in the regular Army service.

Mr. ANTHONY. Still, it would be possible to equip these organizations with a smaller amount of matériel.

Maj. WILSON. Yes, sir; but you would be depriving them of training to that extent.

Mr. ANTHONY. Does it not cost the Government a great deal of money to supply these batteries with horses that are to be maintained the year around?

Maj. WILSON. The basic law, or the national defense act, provides for the issue of horses to Cavalry units and Artillery units, and we have had an appropriation each year for that purpose.

Mr. ANTHONY. Of course, that is a matter of military policy?

Maj. WILSON. Yes, sir.

Mr. ANTHONY. At the same time, it involves a tremendous expense to the Government to equip those National Guard batteries so completely.

Maj. WILSON. Yes; but——

Mr. ANTHONY. We refused you a part of that money in the National Guard appropriation last year.

Maj. WILSON. For last year; yes, sir.

TRAVEL OF OFFICERS OF REGULAR ARMY IN CONNECTION WITH NATIONAL GUARD.

Mr. ANTHONY. Do you really need $100,000 additional for officers of the Regular Army for travel in connection with the National Guard?

Maj. WILSON. We based that upon the increase of strength which you spoke about.

Mr. ANTHONY. What travel does that involve?

Maj. WILSON. The continued development of the National Guard units. In the case of instructors we assign one to each regiment, and in the case of sergeant instructors one to each battalion, so far as practicable.

Mr. ANTHONY. Have you expended all the money appropriated under this item for travel of commissioned officers?

Maj. WILSON. We have either spent or obligated it for the present National Guard forces.

Mr. ANTHONY. When will it be exhausted?

Maj. WILSON. In other words, we have discontinued the travel of any additional officers assigned for duty in connection with the National Guard.

Mr. ANTHONY. How much remains in the item for travel of officers of the Regular Army in connection with the National Guard?

Maj. WILSON. There are accounts outstanding, but it is all obligated as far as any available funds go.

UNEXPENDED BALANCES OF APPROPRIATIONS.

Mr. ANTHONY. Is there any unexpended balance in any of these three funds that you ask to have augmented?

Maj. WILSON. In the case of transportation of supplies we still have about $25,000 unallotted, but that is not sufficient at the present rate of increase of new units so far as shipments for the remainder of the year are concerned.

Mr. ANTHONY. Does any of the appropriation for expenses, sergeant-instructors, remain,

Maj. WILSON. All of the fund has been obligated, but not spent; it will be spent from month to month up to June 30 next for the sergeant-instructors we now have.

Mr. ANTHONY. The entire year?

Maj. WILSON. Yes, sir.

Mr. ANTHONY. But the amount is not sufficient to allow you to cover the whole country?

Maj. WILSON. Not as far as the additional assignments for the National Guard are concerned.

Mr. ANTHONY. Under that item of expenses of sergeant-instructors, you have allotted for the whole year, but how much have you actually expended of the $100,000?

Maj. WILSON. For expenses of sergeant-instructors already appointed, we have provided for their expenses up to date, but their expenses will continue the rest of the year.

Mr. ANTHONY. The present appropriation will cover the number you have now?

Maj. WILSON. Absolutely.

Mr. ANTHONY. But in the item of supplies, that is entirely exhausted?

Maj. WILSON. No, sir; we have about $25,000, but it will not go very much farther; in other words, will not carry the proposed additional units, and the Ordnance Department is requesting more than this balance to cover requisitions for units now recognized.

Mr. ANTHONY. That is all that I can think of, Mr. Chairman.

The CHAIRMAN. How much of the $5,500,000 is unexpended?

Maj. WILSON. For the purchase of material?

The CHAIRMAN. Yes, sir.

Maj. WILSON. We have not had an accounting with the supply service up to date. If I were to make a rough guess, it would be one-third or a little over.

The CHAIRMAN. One-third unexpended?

Maj. WILSON. Yes, sir.

The CHAIRMAN. Is not that spending the money a good deal faster than you ought to pass the money over?

Maj. WILSON. In what way, Mr. Chairman?

The CHAIRMAN. There is only one-third of the year gone by and you have two-thirds of the year with only one-third of the fund left.

NOTE.—The original question was misunderstood. The answer was intended to state that approximately one-third of the fund had been expended; two-thirds remaining unexpended.

Maj. WILSON. Understand, this money is just for such articles as we can not get from the War Department——

The CHAIRMAK. But it must cover the whole year?

Maj. WILSON. In addition to that, I might say that some of these shipments in the fiscal year were to take care of units recognized in the last part of last year.

The CHAIRMAN. Yes, sir; but in making the allotments for purchases to be made you should make the allotments based upon the amount of the appropriation and not on the basis of your imagination of the needs, should you not?

Maj. WILSON. The development of the National Guard can not be foreseen as to details.

EQUIPMENT AND SUPPLIES.

(See p. 535.)

Mr. ANTHONY. In speaking of the appropriation of $5,500,000 for the purchase of supplies which can not be furnished from the service reserve of the Army, which is greatly in excess in value of the articles for which a charge is made, you are getting supplies from the service reserve in connection with those you purchase?

Maj. WILSON. Yes, sir.

Mr. ANTHONY. You find that you have to furnish a great many supplies for the guard that you can not obtain from the service reserve?

Maj. WILSON. We are getting the supplies for the National Guard, but I would not say up to date just how much is from the Army reserve.

Mr. ANTHONY. Is there any danger that we are shipping supplies out to the National Guard simply to get rid of taking care of them?

Maj. WILSON. No, sir. We are only shipping in accordance with the requirements, not to assist in any storage problem which the War Department may have.

Mr. ANTHONY. Has the War Department ample storage for its supplies?

Maj. WILSON. I can not answer that question. That is under another bureau. I judge they have.

Mr. ANTHONY. You are sure that you are not shipping any out to get rid of the responsibility?

Maj. WILSON. Not so far as our bureau is concerned. Our bureau is very much embarrassed because of the large quantity of requisitions now in the hands of the supply services, which they can not ship and for which equipment the States are clamoring, and unless Congress sees fit to remedy this situation we must do one of two things—we must stop recognizing the new units or continue to recognize them and say that we can not give them the equipment.

POLICY WITH REFERENCE TO NATIONAL GUARD.

Mr. ANTHONY. The whole thing brings up the question of what policy should be adopted with reference to the National Guard. When we held the hearings last year the members of the committee gave intimation to the representatives of the War Department that it was our desire that they should organize and equip those units of the National Guard that could be handled most economically.

Maj. WILSON. Yes, sir.

Mr. ANTHONY. In other words, to enlarge or expand along the most economical line instead of the most expensive. Instead of that the War Department has proceeded to recognize units of the National Guard that require this great amount of material and to spend large sums of money for transportation.

Maj. WILSON. Yes, sir.

Mr. ANTHONY. It is a matter of policy as I see it.

MONDAY, NOVEMBER 14, 1921.

NATIONAL HOME FOR DISABLED VOLUNTEER SOLDIERS.

STATEMENTS OF GEN. GEORGE H. WOOD, PRESIDENT OF THE BOARD, AND COL. C. W. WADSWORTH, GENERAL TREASURER, NATIONAL HOME FOR DISABLED VOLUNTEER SOLDIERS.

The CHAIRMAN. For support of the National Home for Disabled Volunteer Soldiers, Southern Branch, Hampton, Va., current expenses, $8,000.

GENERAL STATEMENT.

Gen. WOOD. Mr. Madden, I think I can make a very general statement covering this matter before we start on the individual items. This year our deficiency is confined to the Southern Branch for the reason that the Southern Branch we are not hospitalizing beneficiaries of War Risk Insurance to a sufficient extent to justify using any of the funds turned over to us by the War Risk for maintenance of beneficiaries of War Risk Insurance. Therefore, we find to-day that last year when we had the honor of coming before your committee, we asked for the Southern Branch a total of $655,000, and after discussion by the committee they gave us $543,000, or $112,000 less than we asked for. Our deficiency is $106,000, so; apparently, our original guess was very, very close.

Our deficiency is less than what we estimated last year it would take us to run the Southern Branch. In that connection I would like to make one further statement, and that is that last year we were obliged to rather estimate on the Southern Branch, because it was taken over by the Army during the period of the war and had only been turned back to us a few months before we came before Congress asking for our appropriations. In addition to that fact, the home was used during the war by the Army and in the latter part of its use was changed into a neuropsychiatric or mental-disease hospital. We have always had a great deal of trouble in the last few years in various branch homes in taking care of the hundreds of cases of senile dementia which have developed among our older men, and having this branch turned over to us, and having just been prepared for that kind of work, we have moved to the Southern Branch so we could properly take care of them, probably 400 cases of senile dementia. That has very materially increased our hospital load there, because they are practically all hospital patients. It has increased our subsistence cost and also increased our hospital expense materially and accounts for a good part of the deficiency. I might say that the result of the change has been a wonderful thing. We are able to take care of those hundreds of old men running from 75 to 90 years of age in the way they should be taken care of, which we could not do when we had to put them off in a corner at the separate homes. We now have enough to make it a group, and we are taking care there of 400 men in practically an insane asylum.

The CHAIRMAN. That is all being done at the Southern Branch?

Gen. WOOD. Yes, sir; we have made that practically the insane asylum for 500 Civil War soldiers.

The CHAIRMAN. And that is at Hampton, Va.?

Gen. WOOD. Yes, sir.

The CHAIRMAN. What is the capacity of that home?

Gen. WOOD. About 2,000.

SENILE DEMENTIA PATIENTS.

The CHAIRMAN. Are you maintaining others besides those cases?

Gen. WOOD. Yes, sir; that is simply one department. We have set aside certain barracks for the senile dementia cases.

The CHAIRMAN. And that causes an additional expense which you did not have before?

Gen. WOOD. Yes; because they require more doctors and more nurses and attendants.

The CHAIRMAN. What is the per capita cost for the maintenance of that class of patients?

Col. WADSWORTH. We have never kept the cost of that class separate and apart. This has been our first experiment in bringing them together. Heretofore they have been handled as an incident to each home, but our per capita cost at the Southern Branch for this year——

The CHAIRMAN. Including this service?

Col. WADSWORTH. Including this service and all it is going to be a little under $500.

PER CAPITA COST FOR 1921.

Gen. WOOD. The per capita cost for the fiscal year 1921 is $467.52, which makes a cost of about $1.30 or $1.40 a day.

The CHAIRMAN. Does that include the cost of these patients?

Gen. WOOD. Yes; that includes everybody, and is the total cost.

Mr. SISSON. Is that inclusive of overhead?

Gen. WOOD. That includes everything, clothing, and everything else.

The CHAIRMAN. Is that the figure included in the estimate for a deficiency?

Gen. WOOD. No, sir; that is for the fiscal year 1921; 1922 is probably about the same, although we have not that completed.

The CHAIRMAN. It will be about the same, including the maintenance of these 400 men you have referred to?

Gen. WOOD. Yes, sir; because that is largely included in the figures I have just given. We started our move in August, 1920.

Col. WADSWORTH. That is on a higher figure per capita and it will not go so high this year because our total expenditure there was over $700,000, due to certain repairs we had to make last year, while the total we are figuring on now is only $649,000, and the membership is about the same.

The CHAIRMAN. What are the comparative difficulties surrounding hospitalization of the men you have in the Southern Home and those who go into hospitalization under the Veterans' Bureau jurisdiction?

Gen. WOOD. That is a hard question to answer. At the central branch, where we have hospitalized a great many men in the last year from the World War, our per capita for the fiscal year 1921 will run about $1.20 a day.

The CHAIRMAN. Is that what you charge to the Veterans' Bureau?

Gen. WOOD. We have not made any charge of that kind to the Veterans' Bureau for the reason that during the fiscal year 1921 a large lump-sum appropriation was made to enable us to convert our former facilities into such facilities as were proper to take care of classes of patients like tuberculosis patients and that sort of thing, and in the fiscal year 1922 a lump sum was also allotted by the Veterans' Bureau, but in the fiscal year 1923 it is probable it will be more on a per capita basis than it has been before. Our present figuring with Col. Forbes is more on a per capita basis; but it makes it a very difficult thing where you have got a home like the Central Branch where you have, say, 1,700 veterans of the Civil, Spanish-American, and Philippine Wars and 500 to 600 war-risk beneficiaries, and where you have the same heating plant to heat both, and where we buy our subsistence in bulk to feed both; it makes it a very difficult thing to segregate, with this fact in mind, that the barracks population, where it exists in fair quantities, materially reduces the hospital cost.

The CHAIRMAN. But as distinguished between the cost of the barracks and the hospitalization cost is there no segregation of the cost?

Col. WADSWORTH. Our appropriation, as you will note, is made under certain specific heads, beginning with current expenses, repairs, farm, and so on—seven distinct heads—and then clothing is one head for all the branches.

The CHAIRMAN. That is just for the care of the men in the home?

Col. WADSWORTH. Well, hospital is one head of appropriation. Under these several heads our expenses run to the entire overhead charges covering all classes of patients. Our heating goes to all classes, our hospital goes to all classes, both those we are hospitalizing for the Veterans' Bureau and those who have regular membership in the home; consequently we have not been able, nor does it appear to be feasible, to get a line on separating the actual cost of one man from the other. We have figures on our total cost, and in all things our costs have brought that per capital down by reason of our domiciliary proposition being on a larger number. For instance, at Dayton we will be operating on the basis of 2,000 men in barracks and 1,000 men in hospitals, and going over to another place, like the Marion branch, we will be operating solely on the 1,000 men, all hospital patients.

The CHAIRMAN. And, of course, that will be a higher cost.

Col. WADSWORTH. There our per capita cost will run from $2.50 to $3 a day, while over at Dayton with the changed conditions we will cut under that.

LUMP-SUM APPROPRIATION FOR HOSPITALIZATION OF WORLD WAR VETERANS.

The CHAIRMAN. The Veterans' Bureau, for the hospitalization of World War veterans allotted to your homes, makes you a lump-sum appropriation to cover the care of their men?

Gen. WOOD. Exactly; and also an allotment in addition for alterations and additions to existing facilities.

The CHAIRMAN. They do that also?

Gen. WOOD. That was done in both the fiscal years 1921 and 1922.

Col. WADSWORTH. The appropriation bill carried that provision.

Mr. WOOD. How do you arrive at an approximation of whether the lump-sum appropriation is too much or too little for the specific purpose if you mix up the whole business?

Col. WADSWORTH. The question of whether we have arrived at too much or too little is all based on the estimate. Of course, when we started in it was entirely an estimate. We did not know to what extent we were going to be called upon as to numbers, and the allotment was made with the transfers from time to time, and only such amounts as we required were taken over.

The CHAIRMAN. You were made an allotment for each group?

Col. WADSWORTH. No; they made us periodical allotments, but the periodical allotments were only asked for in accordance with our requirements.

The CHAIRMAN. Were the allotments made for the hospitalization of the men separately from the allotments made for construction work?

Col. WADSWORTH. It was not. There was just one allotment made.

The CHAIRMAN. Are you required to make a detailed statement to the Veterans' Bureau of the uses to which the money is put?

Col. WADSWORTH. Yes, sir.

The CHAIRMAN. Have you made that statement?

Gen. WOOD. I have the statement right here for the fiscal year 1921, showing the amount expended by us for hospital expansion, alterations, and improvements at each one of the branch homes, which runs very differently, because at different homes we did different work. Our largest expense, I might say, was at the Marion Branch, which we converted, as you know, absolutely into a neuropsychiatric establishment, and where we were able to get 1,000 beds and 1,000 very good nervous beds, at a cost of about $1,000 a bed, which is one-third of what they usually estimate for that necessity. At the Mountain Branch, which we turned into a tuberculosis establishment, we got 1,000 beds at a cost of $560 a bed, which is also quite a low figure as hospital beds go.

PER CAPITA COST AT MARION AND JOHNSON CITY HOMES.

The CHAIRMAN. The Marion and Mountain Branches are solely hospital institutions?

Gen. WOOD. Yes, sir.

The CHAIRMAN. How does your per capita at those places compare with the Public Health Service costs in hospitals, if you know?

Col. WADSWORTH. We have not those exact figures, but we have been advised that we are very much under them.

The CHAIRMAN. Suppose you give us your figures.

Col. WADSWORTH. Our figures that we have there now do not show the true operation because we started in these two plants last year operating them as soldier homes. The Johnson City Home had a membership of probably 1,200 ordinary members. That was operated for one quarter under that character, and then those members were transferred away and we were almost out of operation for a period of two or three months when we began building up, and had only

built up to about 700 on June 30. Consequently, we have not anything that would give us a fair test on it at all. Our per capita cost this year past will be very much larger than it will be when we are operating under more nearly normal conditions.

The CHAIRMAN. Let us have the per capita cost under the most adverse conditions.

Col. WADSWORTH. That would be as operated last year.

Gen. WOOD. Operating under the conditions referred to by Col. Wadsworth, our per capita cost at Marion was $2.50 a day.

The CHAIRMAN. That was one of the most difficult problems you had to deal with, was it not?

Gen. WOOD. Yes, sir.

Col. WADSWORTH. That and the Mountain Branch are about on the same basis.

The CHAIRMAN. Does that include the cost of repairs?

Col. WADSWORTH. That does not include the cost of alterations; no, sir. That is treated as construction.

The CHAIRMAN. Does it include any equipment of any kind?

Col. WADSWORTH. It includes the ordinary equipment.

The CHAIRMAN. Does it include the cost of the beds?

Col. WADSWORTH. That would be general equipment. It would include what equipment we ordinarily buy from year to year. Last year in this conversion we put in special equipment in very large measure throughout, because our laboratories and everything were refitted and rebuilt from the bottom up until we had new equipment, but that really came in as a construction item. This year anything of that kind that would happen would be an operating cost.

The CHAIRMAN. What do you charge the Bureau of War Risk per capita?

Col. WADSWORTH. We do not make any charge per capita.

Gen. WOOD. I think that will be adopted in 1923, but it has not been adopted yet.

The CHAIRMAN. What is your notion about what it will be?

Gen. WOOD. I would not want to say about that. If you will pardon me, I now have the figures as to the cost at the Mountain Branch.

The CHAIRMAN. We will be glad to have them.

Gen. WOOD. The figures for the Mountain Branch was $3.50.

The CHAIRMAN. What causes that to be so much higher than the figures for the Marion Branch?

Gen. WOOD. The reason it is higher was because we had hospital patients, and a large number of hospital patients, probably, for a longer time there than we had at Marion. In addition to that fact the medical idea of treatment of tuberculosis carries with it a very, very heavy subsistence cost.

The CHAIRMAN. That is a more expensive treatment than the other?

Gen. WOOD. Yes, sir; absolutely. If you will take the figures I have here showing the cost to-day of food you will see that the cost per day of food at a tuberculosis sanitarium is probably twice as much as any other place. I think I have those figures right here.

The CHAIRMAN. I think it would be interesting if you would put those tables in the record.

Gen. WOOD. I will just cite the figures.

Statement of cost of operations of the National Home for Disabled Volunteer Soldiers, fiscal year 1921.

	Average present, including average present T. A. P.	Average number patients present in hospital.	Net general expenditures.	Average cost per capita.	Hospital expansion. Expenditures for alterations and improvements and increased equipment.	Total.
Central Branch	2,237	458	$1,077,100.06	$481.50	$776,330.89	
Northwestern Branch	977	215	559,447.81	571.28	281,461.65	
Eastern Branch	752	196	505,081.59	671.65		
Southern Branch	1,537	358	796,409.26	467.52	14,940.77	
Western Branch	1,721	322	805,168.74	467.75	85,219.46	
Pacific Branch	2,467	438	933,441.41	378.37	815,463.59	
Danville Branch	1,443	242	640,242.98	442.88	17,856.55	
Hospitals:						
Marion Branch (neuropsychiatric hospital)	451	451	442,272.77	917.47	1,192,194.68	
Mountain Branch (tuberculosis hospital)	630	630	808,619.76	1,283.52	569,916.06	
Battle Mountain Sanitarium (general and tuberculosis hospital)	351	351	314,137.93	894.23	48,574.77	
Clothing for all branches	12,566	2,810	259,172.67	20.62		
Administration: Board of managers, officers, employees headquarters office, traveling expenses, etc	12,566	2,810	55,377.26	4.41		
Total:						
Branches						$5,316,891.85
Hospitals						1,565,030.46
Hospital expansion						3,801,958.42
Clothing						259,172.67
Administration						55,377.26
						10,998,430.66
Paid to State homes						863,226.07
						11,861,656.73

Cost of administration ($55,377.26), 0.00467 per cent of amount expended.

The CHAIRMAN. What do you mean by general expenditures?

Gen. WOOD. That includes everything from a man's clothing, food, shelter, hospital, and so forth. That is the general expense. This column here [indicating] is for alterations and improvements, which is separate, and this is what it costs us to maintain the homes outside of the improvements we put on.

This is a table for the month of September, 1921, and shows the cost of the rations.

Cost of rations, September, 1921.

Branch.	General mess.	Hospital mess.	Tuberculosis mess.	Noncommissioned mess.	Combination mess.	
Central	$0.29	$0.35	$0.44 .47 .39	$0.30	$0.28	$0.27
Northwestern	.25	.28		.25	.30	
Eastern	.27	.30	.45	.29		
Southern	.29	.40		.29	.30	
Western	.29	.31		.23	.39	.34
Pacific	.26	.43	.60	.25	.27	.26
Marion	.45	.43		.35	.44	
Danville	.25	.28		.25	.30	
Mountain	.33	.82	.77		.85 .84	
Sanitarium		.34	.64			

Branches, National Home for Disabled Veteran Soldiers.

[Rations consumed per member month of September, 1920, compared with month of September, 1921.]

Branch and year.	Bread (ounces).	Butter (ounces).	Cereals (ounces).	Coffee (ounces).	Tea (ounces).	Fruits (ounces).	Meats (ounces).	Milk (pint).	Sugar (ounces).	Vegetables (ounces).
Central:										
1920	4.85	1.23	.46	1.07	.02	1.02	12.33	.97	2.03	19.33
1921	7.32	1.53	.61	1.28	.01	2.50	12.37	1.17	3.55	19.09
Northwestern:										
1920	7.67	1.42	.53	1.02	.06	1.60	12.37	1.09	2.42	18.49
1921	7.61	1.30	.53	1.11	.....	3.14	12.59	1.09	2.99	19.47
Eastern:										
1920	8.13	1.47	.53	.98	.06	.89	11.88	1.04	2.82	22.11
1921	6.66	1.34	.49	1.31	.07	1.09	12.79	.94	4.12	19.67
Southern:										
1920	12.33	1.16	.51	1.28	.....	1.24	10.71	.66	2.37	17.61
1921	7.76	1.05	.39	1.34	.....	2.74	12.62	.81	2.67	17.67
Western:										
1920	7.37	1.33	.79	1.15	.....	2.43	10.61	.98	2.74	16.57
1921	6.47	1.37	.91	1.25	.....	3.37	12.31	1.32	3.99	15.52
Pacific:										
1920	6.05	1.46	1.17	1.04	.03	3.39	10.64	1.01	2.56	18.49
1921	5.62	1.47	.99	1.22	.03	6.70	11.42	1.17	5.22	18.82
Marion:										
1920	7.24	1.35	.75	1.17	.....	2.72	11.49	.81	2.16	20.72
1921	7.87	1.33	1.08	1.18	.01	6.68	16.45	1.65	4.01	27.12
Danville:										
1920	5.67	1.27	.36	.94	.....	2.28	9.60	1.00	2.67	21.64
1921	6.81	1.33	.69	1.08	.....	6.75	11.12	.78	2.00	15.78
Mountain:										
1920	6.39	1.26	.86	1.02	.....	8.18	11.52	1.35	2.25	19.86
1921	8.76	2.24	.59	.97	.02	9.32	20.99	1.46	6.61	29.97
Battle Mountain Sanitarium:										
1920	8.31	1.81	.89	1.36	.05	2.84	12.74	1.62	3.55	17.88
1921	7.44	1.35	1.18	1.12	.06	2.26	15.35	1.67	3.62	25.40
Average:										
1920	7.40	1.38	.69	1.10	.02	2.66	11.39	1.05	2.56	19.27
1921	7.23	1.43	.75	1.17	.02	4.46	13.80	1.21	3.94	20.85

The CHAIRMAN. Will you be kind enough to tell us whether there was any variation between the month of September and any other month?

Gen. WOOD. Not very much. This happens to be the last one we have prepared.

The CHAIRMAN. And that is a typical month?

Gen. WOOD. That is a typical month. I might say in parentheses that some of the hopes of your predecessor, Mr. Good, in regard to reduced cost of food and things of that kind did not fully materialize. Of course, we pay less for food but the cut was not as big as we expected or as Mr. Good expected.

The CHAIRMAN. It may be that before the year is over you will realize further on that?

Col. WADSWORTH. We are realizing on that to some extent, but it was not what we hoped when we were here last spring. For example, you take a typical case at the Central Branch, our general mess, which is our mess where the domiciliary patients eat, was 29 cents a day. In the general hospital it was 35 cents a day.

The CHAIRMAN. That is less than the Army ration, is it not?

Col. WADSWORTH. Yes, sir.

The CHAIRMAN. It is 10 cents a day less than the amount authorized in the appropriation. That pays for all your food, does it?

Gen. WOOD. Yes, sir; cooking and everything else.

Col. WADSWORTH. That does not include service.

Gen. WOOD. I know it does not include service, but that was not the question asked. When you get to your tuberculosis, that goes up to nearly 50 cents on account of the large amount of fresh eggs, fresh milk, and articles of that kind, which very largely make up a tuberculosis ration. In addition to that fact, I will plead guilty at the Mountain Branch to one thing, and that is that I know for a while there was a good deal of waste which we have now cut out. We have put in a new commissary and we have had a reduction in the cost per capita since he has been there of 16 cents a day, and we hope it will be more.

The CHAIRMAN. A saving of 16 cents a day there is what reduced the cost to 29 cents?

Gen. WOOD. No; I say that at the Mountain Branch, which I said was very high, $3.56——

The CHAIRMAN. As against $2.50 at the other branch?

Gen. WOOD. Yes. Since then, with certain cutting out of waste and economies of operation, the new commisary there in two months cut the cost per diem 16 cents.

Mr. WOOD. That is over one-third.

Gen. WOOD. No; that was on a much higher basis. That was a special mess.

Mr. WOOD. How much of a reduction with this cut at the Mountain Home of 16 cents a day?

Gen. WOOD. That was from about 90 cents to 75 cents.

Mr. WOOD. You must have had a woefully wasteful man there.

Col. WADSWORTH. We had a woefully wasteful man. It was when a new mess was organized there and started in with dietitians grabbing out for all the high-priced articles before we could get it down on an organization basis.

The CHAIRMAN. Do you think it was just waste or was there some graft?

Col. WADSWORTH. I do not think there was any graft. I think it was a lack of organization system. The president of the board and myself and the chief surgeon went there and spent a week on the ground, and made a change of three or four people who were outlining this thing because we thought they were buying things there that were not being eaten and were dumped into the garbage. That might happen one day, but if they did not correct it the next day and went on ordering the same sort of stuff it would be pure waste.

Mr. WOOD. What do you do with your garbage—feed it to hogs?

Col. WADSWORTH. No; we sell it.

CHARACTER AND QUALITY OF FOOD.

Mr. BYRNS. Right here I would like to ask you whether or not you have ever made any investigation to ascertain whether or not the character and quality of food with which you supplied tuberculosis and other patients is on a par with that supplied in Army and War Risk Hospitals.

Gen. WOOD. I think, Mr. Byrns, it is. I know what we are buying, and we have a very continual overturn, because the tuberculosis patient is the champion traveler of the world, and we have had some very favorable reports made upon our food by quite a number of the travelers who visit all hospitals in the course of the year.

Mr. BYRNS. And you think it is just as good in quality?

Gen. WOOD. I think so, from what they tell me. I have been at the Mountain Branch in the last year frequently, and when I have been there I have eaten the ration which the men were eating in the mess, and I will say to you frankly that they get a larger variety and more grub than I do at home. Now, you may be interested to know, Mr. Byrns, what the consumption per day is of food at the Mountain Branch, which is the branch we are speaking of. In September it included practically 9 ounces of bread, 2¼ ounces of butter, more than one-half ounce of cereal, nearly 1 ounce of coffee, 9.32 ounces of fruit, 21 ounces of meat, 1½ pints of milk, 6½ ounces of sugar, and almost 29.30 ounces of fresh vegetables. Now, that is a pretty good day's ration per man per day.

The CHAIRMAN. Do these figures you give us as to cost include the hospital patients sent over to you by the War Risk?

Gen. WOOD. Yes, sir; it includes everybody.

Mr. BYRNS. I may say that I was induced to ask the question by reason of the fact that your expenses are so much below the others.

Gen. WOOD. I want to say one thing, Mr. Byrns. I do not think that really any of us to-day are so much entitled to the credit for it. The real man who was the pioneer in this work, to my mind, was our mutual friend, Maj. Wadsworth. I think the keynote of economy and efficiency which the board has had ever since then is largely due to the very high keynote which Maj. Wadsworth struck during the years he was president of the board.

Mr. BYRNS. General, I asked the question when other parties were before the committee with reference to this difference in cost and the statement was made that the reason there was such a great difference in cost was that you had a number of the soldiers of the past war, domiciliary patients, I reckon you would call them, at the Mountain Branch and at the Marion Branch, and I had understood that you had absolutely moved all of those soldiers to other soldier homes and that these hospitals were devoted solely to the hospitalization of war risk patients.

Gen. WOOD. They are solely devoted to war-risk patients or other beneficiaries of the home. We have not a barracks bed left at Marion or at the Mountain Branch.

Mr. WOOD. Where did those soldiers go?

Gen. WOOD. The men from the Mountain Branch were moved to Hampton and the men from Marion were moved to Danville.

DISPOSITION OF GARBAGE.

Mr. WOOD. Let me ask you a question in this connection. You say you sell your swill. You must have a great amount of it?

Gen. WOOD. No, sir; not so very much. I want to say, begging your pardon, that we do have a certain amount of it, but it is not so very great, because there is one thing we have prided ourselves on, and I will say this with a certain amount of pride, and that is the closest inspection of the garbage hopper on the part of headquarters officers visiting the branches. I have spent many hours on the garbage hopper myself.

Mr. WOOD. Have you ever taken any pains to ascertain whether or not it would be more or less profitable to the institution to raise

your own hogs down there? The State institutions make money out of that.

Col. WADSWORTH. Yes, sir; we have investigated that. At least three different branches in the past we have tried the hog proposition. We tried it more successfully in California than at any other place, and that was kept up for several years, but was abandoned about 1912 or 1913. That was our last project, and the thing that broke down there was practically the same thing that broke down elsewhere, and that is the disease that got among our herds and put us out of business. It flourished for a time.

Mr. WOOD. That was your own fault, because an ounce of prevention would have prevented that.

Col. WADSWORTH. That may or may not have been. I do not know what brought it about, but it got there and got into our other herds at different times, and it was not found that we could handle that proposition because while our garbage would keep up a certain part of it we were required to buy expensive feeds to finish off all our hogs and to handle them properly.

Mr. WOOD. I should think that would be true in California but not in the grain-raising sections of the country.

Col. WADSWORTH. As I say, it was a very expensive proposition but we made money on it for awhile.

Mr. WOOD. Every State institution in our section is doing that and they are making money out of it.

Col. WADSWORTH. I was an inspector for 10 years of all the State homes in the United States, and during that period I was in touch with the State homes and some of them made money and continued to make money, but in the end it developed down to the men who actually had the management of the matter. If he had the general savvy and ability to handle it, he got away with it, but there were more losses that came under my observation during that period of 10 years than there were cases where they continued to make money.

Mr. SISSON. I think that is literally true. It is the fellow at the head of the thing rather than the hog. The hog is not at fault.

Col. WADSWORTH. But a man who may be a very fine man as superintendent of a home is not necessarily going to make a success with hogs. We have found that we can buy most of these things cheaper than we can develop them ourselves.

Mr. SISSON. Is that true of your vegetables?

Col. WADSWORTH. We do considerable gardening at places where we have conditions that are right, and the most advantageous place we have, of course, is in California, and there we produce vast quantities of vegetables because we have nine months out of the year for vegetable farming.

Nearly all of the products we can buy cheaper than we can produce them.

The CHAIRMAN. I think that is true.

Col. WADSWORTH. We have an organization that runs like all other Government institutions, eight hours, and you can not farm on an 8-hour proposition. We can not keep a force that will take care of the harvest on an 8-hour basis without it absorbing all of the profits on the crop.

Mr. SISSON. You are absolutely right about that.

Mr. WOOD. Do you not think it would be a good thing to have your farming done by the inmates of your home? There are plenty of men who can do some work and it would be beneficial to them, and in some of these institutions they give them a little pay for it.

Col. WADSWORTH. We pay them.

Mr. WOOD. So as to make it an inducement. There is not anything in the world that is better for a T. B. than to go out and get a little exercise.

Col. WADSWORTH. I agree thoroughly with you, but it is absolutely impossible for you to expect any labor whatever from a T. B. under the present gradation of opinion that has been established by the medical societies throughout the country. The T. B. must have a rest, a complete rest, and that is what they are fighting for all along the line. We can not expect any result. Furthermore, you have one other proposition, the older T. B.'s, the men of the Spanish-American War and the Civil War—there is not very much work for them. The T. B.'s who come in from the present war draw compensation from $80 to $140 a month, and you can fancy whether or not they will work.

SOUTHERN BRANCH, HAMPTON, VA.

CURRENT EXPENSES.

The CHAIRMAN. On page 94, for the item, "Southern Branch, Hampton, Va.: Current expenses," you had, in 1921, $54,671.26, and in 1922 you estimated for $58,000. You receive $50,000, and you have come back for the $8,000?

Col. WADSWORTH. Exactly, sir.

The CHAIRMAN. Please tell us why you come back for the $8,000?

Col. WADSWORTH. Our running expenses indicate the exact expenditure that would require a deficiency of $7,635.91, just to maintain the service on the basis at the time we submitted the estimate and as we have it now.

The CHAIRMAN. Have you more or less people to provide for than you had when you submitted the estimate?

Col. WADSWORTH. Practically the same; but the current expenses are an overhead charge that pay for the salaries of all the officers that are engaged in discipline and managing and receiving and handling the supplies. The expense is not directly influenced by an increase or decrease in the general membership.

The CHAIRMAN. Be kind enough to tell us by months, say, starting from the 1st of January, how many patients of all classes, including hospitalization patients, separating them, if you can, you have at the Southern Branch.

Col. WADSWORTH. I do not think that I have the figures; I have only the figures for the recent months.

The CHAIRMAN. Give us what you have.

Col. WADSWORTH. I have only the month of October. On October 31 we had at the Southern Branch in the sick hospital quarters 624 people, and the total present was 1,637.

The CHAIRMAN. How does that compare?

Col. WADSWORTH. That does not vary greatly. Perhaps during January, February, March, and April we probably exceeded that by 100 or 200, and probably during July we may have been under that.

The CHAIRMAN. This is the overhead charge for all the officers and noncommissioned officers, etc.—bookbinders, librarians, musicians, etc.?

Col. WADSWORTH. That is the fixed overhead running expenses and, as I said, would not be influenced greatly by the increase of two or three hundred, or a decrease of two or three hundred, for that period.

The CHAIRMAN. You are not paying any higher rates of pay?

Col. WADSWORTH. No, sir; we have not increased our personnel over, possibly, a little on the guards. We have considerable water front and it is necessary to throw out a little more precaution, and that would be the only item which we had gone over on.

NUMBER OF INMATES.

The CHAIRMAN. On June 30, 1920, I see you reported that you had an average present of 648?

Col. WADSWORTH. Yes, sir.

The CHAIRMAN. How does that compare?

Col. WADSWORTH. That is only one-third of what we have now. The history of that is this: In the fall of 1918 the Army asked us and the board of managers turned over by congressional authority the Southern Branch, to be used as an emergency hospital. In November we moved everybody away from there, and in April of 1920 we moved them back, those we wanted to go back, and we started to reopen it. The Army kept it for 18 months. On June 30, 1920, we only had 600.

The CHAIRMAN. Six hundred and forty-eight?

Col. WADSWORTH. Or whatever the figure may be. Consequently for the previous year we had nothing to go on; we built it up during this last year.

The CHAIRMAN. It is your opinion that you can not get along successfully for the fiscal year unless you get the $8,000?

Col. WADSWORTH. Absolutely, sir. Our service can not be maintained at the standard, the standard we think it should be, with short of the amount of money that we have submitted.

TELEPHONE AND TELEGRAPH SERVICE.

Mr. SISSON. I notice that you have submitted an estimate for 1922 for telephone and telegraph service, etc., of $200, and that you expended in 1921 $1,756.14?

Col. WADSWORTH. Yes, sir.

Mr. SISSON. What is the cause of that great difference?

Col. WADSWORTH. The cause of that difference is that conditions have changed somewhat. At the time the estimate was made up the home had been handling its own telephone system, had its own inside system, and this estimate was prepared just when it came back from the Army. This estimate had to be prepared before the 1st of August a year ago. It had not taken shape then so that we could get at the expenditures for the year; in the end we had to spend a great deal more.

The CHAIRMAN. You had to take over the whole thing?

Col. WADSWORTH. Yes, sir; and to rebuild a great deal that we did not know we had to rebuild.

Mr. SISSON. That looks like a pretty lively telephone bill, $1,756.14.

Col. WADSWORTH. That, you must understand, is the telephone bill for the entire branch. We have intercommunicating stations throughout the branch, probably 50 or 60 stations, and it is necessary for the fire stations, going from one company building to another and the hospital, with the headquarters and various service buildings. We have on the ground about 65 to 70 buildings with such communication.

Mr. SISSON. How much does the outside telegraph and telephone cost?

Col. WADSWORTH. We have very little long distance, but we maintain trunk lines down town there, and that outside line last year probably cost us from $75 to $100.

Mr. SISSON. How do you distinguish between the outside messages and paying your maintenance?

Col. WADSWORTH. That is entirely different. Our outside long-distance messages must be vouchered as a separate proposition.

Mr. SISSON. They would be paid for out of your funds?

Col. WADSWORTH. Yes, sir; that would be separate. Our service inside would be the upkeep of the line, the telephone operators, and things of that kind.

The CHAIRMAN. You charge only for the personnel and the upkeep?

Col. WADSWORTH. Yes, sir.

EFFECTS OF DECEASED MEMBERS.

Mr. ANTHONY. What is the necessity of the proviso on page 94: "*Provided*, That all receipts on account of the effects of deceased members during the fiscal year shall also be available for such payments; and for such other expenditures as can not properly be included under other heads of expenditure"?

Col. WADSWORTH. We consider, under the law, that the effects of deceased members who do not sign an agreement to turn over to the home their effects, if they die without heirs or without having a will, are turned in and taken up under the head of "current expenses," and that provision was put in so that "current expenses" might profit by that to the extent of using the amount of money that we would take up for the payment of like claims. We can not use that for any purpose, except for the payment of that class of claims.

Mr. ANTHONY. But you could certainly use it under the language of this proviso for any expenditures that you please?

Col. WADSWORTH. The comptroller has held to the contrary.

Mr. ANTHONY. It says: "And for such other expenditures as can not properly be included under other heads of expenditure."

Col. WADSWORTH. That is "current expenses"; that is the general appropriation. The only benefit that we could get out of that is the payment of like claims. If we have a man die here this year, or 100 men, and they have $10,000 we take that up in "current expenses," and we may pay a man who dies this year or last year out of the "current expenses."

Mr. ANTHONY. When heirs prove up their claims?

Col. WADSWORTH. Then this money is paid under this head.

Mr. ANTHONY. Why have this authority?

Col. WADSWORTH. That is in accordance with the ruling of the comptroller.

Mr. WOOD. What class of heirs are entitled to this fund?

Col. WADSWORTH. Any heirs who would be qualified under the law where the branch is situated.

Mr. SISSON. That is the money that he has in his pocket?

Col. WADSWORTH. Yes, sir.

SUBSISTENCE.

The CHAIRMAN. The next item is "Subsistence." For 1922 you had $210,000 and expended in 1921 $266,338.74. You estimated for $253,000. The difference between $253,000 and $210,000 would be the $43,000 which you are asking for?

Col. WADSWORTH. Yes, sir.

The CHAIRMAN. The same condition applies here in respect to the necessity for this increased appropriation?

Col. WADSWORTH. Yes, sir. Our expenditures at the Southern Branch for the first six months on supplies that we have actually expended is $111,249.21, and the incumbrances, the estimate for the next six months, brings us short $43,446.06, and we are asking for $43,000.

The CHAIRMAN. This is something you must have?

Col. WADSWORTH. This is "subsistence." It is absolutely necessary to keep up the service to its present standard if we maintain the home as we think it should be maintained.

Gen. WOOD. The large increase in the number of hospital patients there is one of the reasons that we have asked this deficiency, because we have so many more hospital patients than we anticipated at the time this appropriation was made.

Col. WADSWORTH. The difference between the hospital patient and the man in the barracks runs from 7 cents to 15 cents a day. At the Southern Branch we have been carrying 640 hospital men against 300, so we might figure that we have 300 to 340 men on a difference of 7 to 15 cents a day.

The CHAIRMAN. About 12 cents?

Col. WADSWORTH. I should say that it would average from 10 to 12 cents. So you can get a line on why the expenses have gone up. We have been purchasing the food cheaper than we did last year.

The CHAIRMAN. After all, it is a thing that you must have?

Col. WADSWORTH. We can not save on that. We have adjusted the service; we are not feeding an extravagant ration or overfeeding, but we are furnishing a good ration. One of the things that makes it very expensive in that locality is that the old men, who have increased in number, are very largely milk patients, and there we pay 48 cents for the milk.

The CHAIRMAN. As I understand, the cost of a medical patient at the home is 29 cents.

Col. WADSWORTH. That is at the Central Branch. You have a list there of the cost at each branch of the home. That is all itemized. We differentiate between the ordinary mess, the hospital mess, and the tubercular mess; they are set out at each one of the branches.

The CHAIRMAN. That is in the record?

Col. WADSWORTH. Yes, sir.

Mr. SISSON. In buying this food do you buy such food as you can in quantities?

Col. WADSWORTH. Yes, sir; we buy all of the food supplies.

Mr. SISSON. In quantities?

Col. WADSWORTH. In large quantities.

Mr. SISSON. During the first half of the year I understand you had spent $111,000 of the $210,000?

Col. WADSWORTH. Yes, sir.

Mr. SISSON. What was the encumbrance on the six months not paid for?

Col. WADSWORTH. About $127,000; that would be the net encumbrance.

Mr. SISSON. In expending the $127,000, of course you had more than a six months' food supply on hand?

Col. WADSWORTH. Yes, sir.

Mr. SISSON. Did you have any food supplies on hand at the beginning of the year?

Col. WADSWORTH. Always. We are working on this basis as a continuous proposition. We were over at the end of one period.

Mr. SISSON. Of course this does not show the food supply on hand at the beginning of the year?

Col. WADSWORTH. No, sir.

Mr. SISSON. Your inventories are not such as to show that?

Col. WADSWORTH. I have not that here.

Mr. SISSON. You have an inventory?

Col. WADSWORTH. Yes, sir; I have an absolute return on every single item. They are all dealt with as articles, and I have that showing just what we had from the beginning of the year.

Mr. SISSON. After six months have elapsed you have on hand certain food supplies?

Col. WADSWORTH. Yes, sir.

Mr. SISSON. Did you take them into consideration in making this estimate?

Col. WADSWORTH. Yes, sir. In making the estimate now on milk we make not only an estimate but make a supply contract for that for the year.

Mr. SISSON. I understand.

Col. WADSWORTH. Food supplies like flour and meat and vegetables we buy quarterly, and always in making up the estimate for the next quarter we take into account what we have on hand, and in the estimates which we have submitted to us, before we authorize the buying, they show in detail exactly how many barrels of flour they have used during a given period, how many they have now, and what they want to buy.

Mr. SISSON. And how much it has been costing you per patient per day?

Col. WADSWORTH. Down there?

Mr. SISSON. Yes, sir.

Gen. WOOD. The average.

Col. WADSWORTH. It is about 42 or 43 cents; they merge them.

Mr. ANTHONY. That is the hospital ration?

Col. WADSWORTH. That is all. The hospital would be slightly more than the other.

Mr. SISSON. Forty-three cents a day, and what has been the average number of patients?

Col. WADSWORTH. The people we have there, according to this return, are 1,600 and something—and we have now, I take it——

Mr. SISSON (interposing). That is an estimate and you use the same method in figuring out the amount necessary?

Col. WADSWORTH. Yes, sir.

Mr. SISSON. You take the average cost of the ration and multiply it by the number of men?

Col. WADSWORTH. That brings us out at just about what we are doing.

Mr. SISSON. Is that kept separate in arriving at the cost?

Col. WADSWORTH. The method pursued was to take the actual expenditures that we had made up to the present moment and to make up the estimate on the previous year's needs and take that, together with the service, as being the necessary expenditure.

Mr. SISSON. You have something charged up in this ration besides the actual food cost?

Col. WADSWORTH. This covers the service of the ration as well; the kitchen equipment, which is not a very expensive item.

The CHAIRMAN. And the repairs?

Col. WADSWORTH. All the repairs to the kitchen equipment.

Gen. WOOD. If you will look at page 95 you will see what is covered by that item, quite a large number of items, the pay of everybody connected with the commissary department, the food supply, and other equipment, quite a large and comprehensive item.

Col. WADSWORTH. It means everything that has to do with the feeding of the men, the officer in charge of the department, all the cooks, all the waiters, and everybody that has any connection with that, all of the kitchen and dining-room supplies, all the tables, all of the tableware and silverware, everything that has to do with that, even to the manufacture of the ice that we supply there. It means everything that we furnish.

Mr. ANTHONY. Is the increased cost for the subsistence department due to the increased cost of the subsistence or an increase in the population?

Col. WADSWORTH. The increase in population will cover a part of it. Our population during January, February, and March always brings in the people who are out on furlough and will increase from 10 to 20 per cent during the winter months. Then they go out again in the spring. We have many men who are absent on furlough just now, 457——

Mr. SISSON (interposing). You should get some credit during their absence?

Col. WADSWORTH. No.

The CHAIRMAN. You take the average in making up the estimate?

Gen. WOOD. The average present for the year.

Col. WADSWORTH. I might say in that connection that quite a number of members move down to other branches, to the Southern Branch, which is right on Hampton Roads, for winter quarters: that is quite a winter resort.

The CHAIRMAN. It is popular?

Gen. WOOD. Yes, sir.

The CHAIRMAN. Please take up the next item.

Col. WADSWORTH. There is a computation made at the end of the period that shows the actual consumption.

Mr. SISSON. You follow the doctors' prescriptions in feeding the tuberculosis cases?

Col. WADSWORTH. Yes, sir.

Mr. SISSON. You have to?

Col. WADSWORTH. Yes, sir.

Mr. ANTHONY. You feed a tubercular patient four times a day?

Col. WADSWORTH. Some of them more than that; as often as they want food. Sometimes they get milk and sometimes eggs. The doctor fixes that. But the home has always operated a little differently, it makes up the computation afterwards to show what we have used.

The CHAIRMAN. When you were before the committee, I think, you said that you had 1,790 patients that day, and that you would have up to your full capacity in 30 days, and in answer to a question by the chairman you stated that the full capacity would be 2,100 or 2,200. I think you said that you had 1,600.

Col. WADSWORTH. At the present time.

The CHAIRMAN. When you made the estimate for the full capacity of 2,100 or 2,200 it did not include the figures which you propose now. If you have only 1,600 and contemplate being able to run the home for $253,000, you are asking for what you did ask for then if you had the total number of 2,100 or 2,200.

Col. WADSWORTH. Our present figures indicate that we will perhaps have under that, but a number of things have transpired that we did not know at that time. The things that have added very much are water, gas, and coal.

The CHAIRMAN. They are higher than you contemplated?

Col. WADSWORTH. Very much more; nearly double; water is double.

The CHAIRMAN. If you had the 2,100 or the 2,200 as you anticipated, the estimate that you made would be short?

Col. WADSWORTH. I suspect that it would not be sufficient for the same item.

Gen. WOOD. Those hearings were in December, and the figures we are giving you to-day are in October, which is before our winter trade starts in.

The CHAIRMAN. You are anticipating?

Gen. WOOD. Yes, sir. We get up to 1,800 or 1,900 during the winter months. Then we go down in the summer and then go up again.

HOUSEHOLD.

The CHAIRMAN. For furniture for officers' quarters, beds, bedding, bedding material, etc., you are asking a deficiency appropriation of $30,000. You expended for this purpose in 1921 $189,097.37; you estimated $151,000, and were given $115,000, and now you come back for $30,000.

Col. WADSWORTH. Yes, sir.

The CHAIRMAN. That would appear to be $6,000 less than you estimated?

Col. WADSWORTH. Yes, sir.

The CHAIRMAN. Why do you need this additional money? Is there any new furniture to be supplied?

Col. WADSWORTH. That reading of the first items is very misleading. You start out by reading certain items, but those are not the items in which the expense occurs. You want to go down through the enumeration of articles until you reach fuel, heat and light, engineers and firemen, etc. We probably will not pay for furniture over $1,000. We are not buying much of that, but our big item there, of course, is coal.

COST OF COAL.

The CHAIRMAN. What does coal cost you?

Col. WADSWORTH. Our coal down there will cost us $6, or an average of about $6 this year, and we burn about 12,000 tons per year.

The CHAIRMAN. What kind of coal is it?

Col. WADSWORTH. West Virginia coal.

The CHAIRMAN. Pocahontas coal?

Col. WADSWORTH. No, sir; we get coal from Logan County, W. Va.

The CHAIRMAN. Do you buy it by contract?

Col. WADSWORTH. Yes, sir; if possible. During the last few years we have not been successful in making contracts.

The CHAIRMAN. How does your price this year compare with the price paid in the last year or two?

Col. WADSWORTH. The price last year from July to December was clear out of all reason. We paid as high as $14 per ton up until December, when it took a tumble that brought it down to about the present price for the remainder of the year.

The CHAIRMAN. How do your prices compare with the prices paid for the Army and Navy in the same locality and the prices paid by other branches of the Government?

Col. WADSWORTH. We have not had any recent checks on that. For a long period of time they were buying just as we were. I do not know whether they are buying under a contract or not.

The CHAIRMAN. Does this price include delivery at the plant?

Col. WADSWORTH. Yes, sir.

The CHAIRMAN. Delivered by teams?

Col. WADSWORTH. Delivered by boat.

The CHAIRMAN. Do you put it on the boat at the dock?

Col. WADSWORTH. We had difficulty with it during the time of the Fuel Administration, and they quit delivering it. Last year the Army turned over to us two barges, and we now have a working agreement with the street railway company down there by which they do our barging for us. They bring it over to us, so that we are getting it somewhat cheaper than we otherwise would but for the loan of the barges.

Mr. SISSON. Did they loan you the barges?

Col. WADSWORTH. I think so. It is quite clear that they were not given to us.

Mr. SISSON. We have tried to find out where this Army property is being used, if at all, and occasionally some of it bobs up like this.

Col. WADSWORTH. This is the only particle of it we have.

Mr. SISSON. I am not criticizing that at all.

Mr. WADSWORTH. We have been engaged somewhat in the same pursuit. We have been trying to get at it, but this is the only thing we have, and this came about not through any direct efforts of ours, but through efforts started by somebody else.

Mr. SISSON. You do not know what your title is?

Gen. WOOD. I made the deal with the Quartermaster General of the Army. They were barges used in the Chickahominy, and they had been stored up there for some time after the war. The railroads went out of the barge business and left us high and dry. I heard about these barges, and I came to Washington last winter and made a deal with the Quartermaster General of the Army by which he turned over those two barges. We had to put them in order and keep them in order.

The CHAIRMAN. Do you have to tow the barges?

Gen. WOOD. No, sir; we made a contract with the street railway company by which they are allowed to use those barges in hauling their coal, and they also haul our coal. They furnish the motive power for the barges and haul our coal and their own.

Col. WADSWORTH. And they keep them in order.

Mr. SISSON. I want to congratulate you on that, and I hope you will get hold of other property of the Army that is lying around and will put it to some good use.

Gen. WOOD. You have given us a man-size job on that.

The CHAIRMAN. When you were here before you said that you were paying $9 per ton for coal, and now you say you are paying $6 per ton. If your estimate is based on $9 per ton and you use 12,000 tons, the difference between $9 and $6 will represent $36,000, and that would seem to obviate the necessity for this deficiency.

Gen. WOOD. I will say in that connection——

The CHAIRMAN (interposing). What did you base your estimate on?

Col. WADSWORTH. We burn 12,000 tons of coal down there and we have a water charge down there of $17,000.

The CHAIRMAN. What rate do you pay for water?

Col. WADSWORTH. That is what we pay for water down there.

Mr. ANTHONY. That is an outrageous charge.

Col. WADSWORTH. That is the rate fixed by the Public Utilities Commission of Virginia, and we have a gas rate there which brings the charge over $6,000.

The CHAIRMAN. What do you pay for gas?

Col. WADSWORTH. We pay one dollar and something now. We have curbed the use of gas in every way we can and have put limitations upon the officers and others using it.

The CHAIRMAN. Do you purchase water by meter?

Col. WADSWORTH. Yes, sir.

The CHAIRMAN. What do you pay per thousand gallons of water?

Col. WADSWORTH. We buy our water by the cubic foot, and we are paying at the rate of about 17 cents per thousand gallons.

The CHAIRMAN. Four cents ought to be a good price.

Col. WADSWORTH. We are paying double what we paid five years ago.

The CHAIRMAN. Was this rate made as a war rate?

Col. WADSWORTH. It was the rate that was made after the war was practically over. There was a rate that we got the benefit of, or we had a contract by which we got the benefit of a certain rate, but when the war came on the next year they would not make a contract.

The CHAIRMAN. Is there no way to develop your own water supply?

Col. WADSWORTH. No, sir.

Mr. WOOD. Do the private water consumers pay those outrageous rates down there?

Col. WADSWORTH. Yes, sir; I am sure that is the rate established by the public utilities commission. We had a favored rate before the war.

The CHAIRMAN. Do they not make a rate according to the quantity of water consumed?

Col. WADSWORTH. It is on a graduated scale.

The CHAIRMAN. And it averages this amount you have given?

Col. WADSWORTH. It averages more than double what we paid last year.

The CHAIRMAN. You ought to pay not more than 4 cents per thousand gallons.

Col. WADSWORTH. We are not buying it anywhere for that.

The CHAIRMAN. Do they furnish it to you as cheap as to other users?

Col. WADSWORTH. Our average would be less.

The CHAIRMAN. It should be supplied for about 4 cents per thousand gallons.

Col. WADSWORTH. If you take our water item, gas item, and coal item, and the cost was $108,000——

The CHAIRMAN (interposing). Nine-twelfths would be $108,000, and six-twelfths would be $72,000.

Col. WADSWORTH. Our coal and gas would bring us to over $100,000 in all. I am not speaking of coal at $9 per ton, because we did not figure it at $9 last year. Our gas and coal at that basis would have amounted to more than what we submitted. The cost was abnormally high there and higher than at any other place in the United States except the Eastern Branch.

The CHAIRMAN. You do not know whether you estimated on coal at $9 per ton or $6 per ton.

Col. WADSWORTH. We were paying at that time $9 per ton.

Gen. WOOD. My recollection is that the estimate was at the rate of $6 per ton. We had been paying before the war about $4.50 or $5 per ton; but they have now got into competition with the bunkers of the entire world, and it is bad competition.

Col. WADSWORTH. Last year the rate was so abnormally high that we did not take that as the basis.

The CHAIRMAN. Is water included in this fuel item?

Col. WADSWORTH. Water is especially mentioned there, is it not?

Gen. WOOD. Water is not mentioned in it, but water is paid from it.

Col. WADSWORTH. Water is paid from the household item.

The CHAIRMAN. Of course, everybody knows that you must have water.

Col. WADSWORTH. That is where it is paid, and also our gas.

The CHAIRMAN. You think there is no possibility of getting along without this $30,000?

Col. WADSWORTH. No, sir; our figures run beyond that. They run to $30,722.

Mr. ANTHONY. What is the climate down there? Is it not supposed to be a mild winter climate?

Col. WADSWORTH. Yes, sir; we do not have any extreme winter weather there, but we have a great many days like to-day when we require as much heat as in cold weather. It is a good deal like the California climate. In California we must provide heat on more days than at almost any other homes in the country.

The CHAIRMAN. What was the amount of the water bill.

Col. WADSWORTH. The water bill there would run about from sixteen to eighteen thousanad dollars a year.

The CHAIRMAN. We will say it is $17,000 for water, and, as I understand, that is at the rate of 17 cents per 1,000 gallons.

Mr. ANTHONY. How do the water bills run at other homes?

Col. WADSWORTH. The water bills vary. Our water at the Leavenworth Home is running at the rate of about $1,500 per month during the summer months, and it is probably lighter in a few months.

Gen. WOOD. I would like to add one thing, and that is that in a home like Hampton, which is primarily a home for old men, you must maintain a very high temperature in the barracks. They are very old men, and want warm barracks.

HOSPITAL.

Mr. WOOD. For the hospital you have an estimate of $20,000, covering pay of medical officers and assistant surgeons, matrons, druggists, etc. Tell us the reason for this deficiency.

Col. WADSWORTH. The hospital item covers the pay of personnel and supplies that go into the hospital. That is one item that shows the effect of our increased hospital efforts, and it is nearly all covered by personnel, as indicated by our schedule of employment there. We had to put on an additional number of trained nurses, an additional number of ward attendants, and, perhaps, from 25 to 30 per cent more surgeons.

Mr. WOOD. Is this entire item of $20,000 represented by increased hospitalization?

Col. WADSWORTH. Yes, sir.

Gen. WOOD. It is completely accounted for by what I said earlier in the hearing about the transfer of three or four hundred cases down there.

Mr. WOOD. What has been the increase in the hospital expenditures there by reason of the added number of inmates coming through this consolidation?

Col. WADSWORTH. If you will give me the figures under the schedule of what was estimated for personnel——

Mr. WOOD (interposing). That appears to be $16,000, and there is an item of $75,000 for wages.

Col. WADSWORTH. That would give a total of $91,000 for personal services, and our total expense for that purpose now is $110,000.

The CHAIRMAN. Was this estimate made before you had that increase?

Col. WADSWORTH. Yes, sir; that was made before the character of charge changed definitely.

Mr. WOOD. Would $16,000 for salaries and $75,000 for wages answer all the purposes of the hospital but for this addition?

Col. WADSWORTH. I assume that it would.

The CHAIRMAN. How did you come to the conclusion that you would need $20,000 additional?

Col. WADSWORTH. I came to that conclusion upon the statement of actual expenditures here, but I would reach that conclusion without looking at that at all, because I am dealing with actualities. I am basing it upon what we have spent and upon what we need to spend before the end of the year.

Mr. WOOD. A part of this estimate of $20,000 is a deficiency, and part of it is a supplemental estimate, because I take it that you have not made a deficiency of $20,000, but you are estimating upon what additional expenditures will have to be made before the end of the year.

Col. WADSWORTH. Yes, sir.

Mr. WOOD. What did you base your estimate upon; did you base it upon the expenditures you have already had this year?

Col. WADSWORTH. Yes, sir; we based it wholly upon our estimated expenditures, taking what we have expended up to this time. From that we estimated what we must necessarily expend before the end of the year.

Mr. WOOD. I think you have stated that these additional expenditures are on account of additional personal services.

Col. WADSWORTH. Practically all for services. I would say that 90 per cent of it is for services.

Mr. WOOD. What would the other portion be for?

Col. WADSWORTH. For additional supplies. We have increased the hospital capacity. In my cash statement I have not separated the services from the other expenditures.

ADDITIONAL EMPLOYEES.

Mr. SISSON. Does your record show the additional employees, including doctors, nurses, cooks, waiters, etc., or will it show the additional number of employees separated by classes?

Col. WADSWORTH. I have not that data with me here, but I can give it to you approximately. We increased the number of certain classes of employees.

Mr. SISSON. At the beginning of the year you had a certain number?

Col. WADSWORTH. Yes, sir.

Mr. SISSON. What is the number now?

Col. WADSWORTH. I will first take the trained nurses: At the beginning of the year we had 14 and now we have 24 or 25.

Mr. SISSON. Suppose you supply a statement of the additional employees for the record.

Col. WADSWORTH. I can supply that for the record. As I understand it, you want the increased personnel.

Mr. SISSON. Yes.

PAY AND ALLOWANCES OF MEDICAL OFFICERS.

The CHAIRMAN. We would like for you to tell us what you pay your medical officers and how you employ them, whether you employ them at an annual rate, a monthly rate, or whether you pay them in fees.

Gen. WOOD. I can give you that information right here. I have here a table of the pay and allowances, and the chief surgeon at the Southern Branch receives $3,000.

The CHAIRMAN. That includes subsistence?

Col. WADSWORTH. No, sir; he pays his own subsistence.

Mr. WOOD. Are you speaking about the salaries as you are about to increase them, or do you refer to the regular hospital salaries?

Gen. WOOD. Regular hospital salaries.

The CHAIRMAN. Does the chief surgeon have quarters allowed him?

Gen. WOOD. Quarters, but not subsistence.

The CHAIRMAN. What are the quarters worth?

Gen. WOOD. I suppose the quarters are worth about $50 or $60 per month.

The CHAIRMAN. Does he get heat and light?

Gen. WOOD. Yes, sir; heat and light are included.

The CHAIRMAN. What other allowances has he?

Gen. WOOD. None.

The CHAIRMAN. What are the rates of pay of the other medical officers?

Gen. WOOD. The senior assistant surgeon gets $210 per month. These are full-time men, and they do nothing else.

The CHAIRMAN. Does he get any allowances?

Gen. WOOD. Yes, sir.

The CHAIRMAN. Quarters, heat, and light?

Gen. WOOD. Yes, sir.

The CHAIRMAN. How does his house compare with that of the chief surgeon?

Gen. WOOD. It is probably not as good, but it is a good, comfortable house. The next class get $190 per month and the juniors get $180 per month.

The CHAIRMAN. These are permanent appointees?

Gen. WOOD. Yes, sir; permanent full-time men.

The CHAIRMAN. Do you have any trouble in getting medical officers at those rates?

Gen. WOOD. It is not so easy.

The CHAIRMAN. Have you any shortage?

Gen. WOOD. We have no shortage now, but we have had a pretty heavy shortage, and the chief surgeon has been kept pretty busy getting them.

The CHAIRMAN. That was during the war, was it not?

Gen. WOOD. And since the war. During this last current year, or 1921, we have had pretty hard work in filling the medical staff. It is now practically full. The pay runs from $180 per month for junior surgeons to $250 per month for senior surgeons.

Mr. WOOD. Are these young men, or do you have men who are superannuated?

Gen. WOOD. We have cleaned house, and we have but few of the older men left. I might say that I know of only one man who is affected in any way or is at all threatened with that.

Mr. WOOD. You regard these men as good, up-to-date physicians?

Gen. WOOD. Yes, sir.

The CHAIRMAN. Is the amount of work imposed on this branch of the service sufficiently large to justify the request for this additional appropriation?

Gen. WOOD. We have increased in the hospital, and the number of patients is practically doubled. We are only asking $20,000 increase in the appropriation.

The CHAIRMAN. What you are asking now is what you asked before?

Gen. WOOD. Yes, sir.

Col. WADSWORTH. That, however, has no relation to what we are asking now. What we are asking now is what we need to get through the year on.

The CHAIRMAN. But it has a relationship to us.

Col. WADSWORTH. It so happens that it does come close to it.

The CHAIRMAN. It happens that all these figures are exactly what you asked for before.

Col. WADSWORTH. No, sir; I do not think all of the items agree. I think you will find that the totals agree pretty closely.

Gen. WOOD. There is one thing more: I have figured it up, and we have one doctor to practically 80 patients in the hospital, which is not a large allowance.

The CHAIRMAN. One doctor to 80 patients.

Gen. WOOD. Practically that.

The CHAIRMAN. What is the practice generally?

Gen. WOOD. I do not know. It depends upon the class of patients.

Mr. SISSON. Do you mean that that is the actual number of sick people?

Gen. WOOD. When you say the actually sick people, that includes the 300 cases of senile-dementia. While they are sick, they are not bed patients.

Mr. SISSON. But they are patients being waited on by the doctor.

Gen. WOOD. Yes, sir.

The CHAIRMAN. What is the average age of the men in this institution?

Gen. WOOD. The Civil War men average about 79 and the Spanish-American War and Philippine War men will run about 45 or 46. We have a Civil War membership at the Southern Branch of three-fourths of the men on the rolls; one-fourth are Spanish-American War veterans, and we have 11 from the World War.

Mr. SISSON. When you give the number of patients to each doctor, that has no direct relation to the number of inmates?

Gen. WOOD. No, sir; that simply relates to the people in the hospital.

NUMBER OF DOCTORS IN PROPORTION TO INMATES.

Mr. SISSON. Will you state about how many doctors you have in proportion to the inmates?

Gen. WOOD. Yes, sir; we have 8 doctors to a membership of between 1,700 and 1,800.

Mr. SISSON. You have in this home an average of about 2,000 inmates with eight doctors?

Gen. WOOD. Yes, sir.

Mr. ANTHONY. The Army has one surgeon allowed for every 1,000 men of strength?

Gen. WOOD. Yes, sir.

Mr. ANTHONY. But your doctors have a larger percentage of sick people, and, of course, a great deal more to do?

Gen. WOOD. Yes, sir.

The CHAIRMAN. I suppose the proper comparison would be to take the number of doctors and the number of hospital patients. That is one thing we would like to have for our information, because we might want to compare it with some other activities along the same line.

Gen. WOOD. At the Southern branch we have one doctor to about 80 patients. In that connection, I might say that the sick call in an old man's home is quite a large item, because the old men are pretty great on coming up in the morning to get a cathartic, liniment, or something of that kind. In fact, the sick call in the morning is quite a large one, and that applies also to the camps. The cathartics and all those things constitute quite an item.

Col. WADSWORTH. For instance, take the Mountain branch, which is for tubercular patients only: We have a schedule there of 22 doctors for 1,000 beds, and the Marion branch, of the same capacity for neuropsychiatric cases, has practically the same schedule.

The CHAIRMAN. That would be about 48 men to the doctor?

Col. WADSWORTH. Yes, sir. Over at the Central branch, where we have about 1,000 beds and, in addition to that, have 2,000 men in camp, we have 15 doctors. Of those 1,000 beds only about 200 are tuberculosis beds and the rest of them are general, and, as I have said, there we are handling the situation with 15 doctors. Therefore, the number of doctors assigned to each place is dependent upon the class of work.

The CHAIRMAN. How does the number of doctors in proportion to the men at the Marion branch compare with the number of doctors at this home?

Gen. WOOD. It is higher.

The CHAIRMAN. How much higher?

PAY OF MEDICAL DIRECTOR AND SUPERINTENDENT AT THE MARION HOME.

Gen. WOOD. At Marion the schedule was largely drawn up or suggested by the neuropsychiatric board, and our medical director and superintendent there gets $6,000.

The CHAIRMAN. What else does he get?

Gen. WOOD. Quarters.

Mr. WOOD. Were those salaries fixed after it was taken over by the Veterans' Bureau?

Gen. WOOD. No, sir; after it was completed for our use. It is still under our control.

Mr. WOOD. But those new salaries were fixed at that time?

Gen. WOOD. Yes, sir.

The CHAIRMAN. What did you pay before that?

Gen. WOOD. $3,000 to the chief surgeon.

The CHAIRMAN. They have doubled his pay?

Gen. WOOD. Yes, sir; but, of course, he is a specialist.

The CHAIRMAN. Your man was not a specialist?

Gen. WOOD. No, sir.

The CHAIRMAN. Do you consider the increase justified on account of the increased knowledge required?

Gen. WOOD. When the facilities of the homes were to be changed and used for the needs of the present war, the Veterans' Bureau indicated that their greatest needs were for tuberculosis and neuropsychiatric beds. To carry out this idea the Marion Home was changed into a neuropsychiatric home and the Mountain Home into a tuberculosis home, all former staff and patients being moved away. The board of managers, having no practical experience as to the management and staff necessary for special institutions of this kind, consulted in the matter of the tuberculosis plant with Dr. Pattison, secretary of the American National Tuberculosis Association, Dr. Garvan, of Detroit, and other experts in tuberculosis. In the neuropsychiatric matter we consulted with Dr. Salmon, of New York, Dr. Barrett, of Ann Arbor, and Dr. Singer, of Chicago, who indicated to us the schedule giving the necessary medical and nursing personnel to care for 1,000 patients of each of the two classes indicated, also indicating what would be the proper salary to pay, so that we might be able to secure men, specialists in this line, who could furnish the patients that medical treatment and care which they should have.

Mr. ANTHONY. General, did you find that the more you consulted the experts the higher the cost of the enterprise became?

Gen. WOOD. Why, yes, sir.

The CHAIRMAN. Did you adopt the recommendations made by these men?

Gen. WOOD. Very largely; yes, sir.

The CHAIRMAN. Both as to salaries and schedule of personnel?

Gen. WOOD. Yes, sir.

The CHAIRMAN. How would that schedule and the compensation compare with schedules that you have had in force for the care of hospital patients in other branches of your jurisdiction?

Gen. WOOD. Very much higher, sir.

The CHAIRMAN. Would it be 30 per cent or 75 per cent or 100 per cent higher?

Gen. WOOD. Pretty close to 75 per cent or 100 per cent.

Mr. WOOD. And prior to your adoption of this new schedule for these new patients, you were treating in your various hospitals mental disease and T. B. patients, were you not?

Gen. WOOD. We were treating a few T. B. patients, but we were not treating mental cases. The only mental cases we had before this war were either senile dementia, which is really a question of care,

or the violent insane which we turned over to Dr. White at St. Elizabeths.

The CHAIRMAN. As a matter of fact, you were treating a great many tuberculosis patients at the Southern Branch and at the Mountain Branch prior to this, were you not?

Gen. WOOD. We were treating some, but not a very large number. We averaged at all of our homes in T. B's before the war probably between 250 and 300 scattered all over the country. To-day, we are treating well up to 1,500.

The CHAIRMAN. Is it fair to say that they were as well treated under your former jurisdiction as they are now?

Gen. WOOD. Well, they probably were not treated as scientifically.

The CHAIRMAN. Just what do you mean by "scientifically"?

Gen. WOOD. Well, there is the question of rest hours, for instance.

The CHAIRMAN. Do you mean to say you worked the patients?

Gen. WOOD. No; we did not work them. There is a difference, Mr. Madden, in the modern treatment of tuberculosis as emphasized by the doctors of to-day. There are quite a number of rest hours insisted upon when the men have to lie in bed without reading, without talking, and without any form of amusement for a certain number of hours a day.

Mr. WOOD. That does not cost you anything, does it?

Gen. WOOD. No, Mr. Wood, it does not. Before that we simply treated the tuberculosis cases as ordinary patients.

Mr. BYRNS. Is not the difference now that, to a very large extent at least, you have concentrated these classes of patients?

Gen. WOOD. We have concentrated them at Johnson City and at the Central Branch.

Mr. BYRNS. And this schedule which was suggested by this board applies to only those two branches?

Gen. WOOD. It applies only to Johnson City for T. B. patients and to the Marion Branch for the N. P. patients.

INCREASE IN SALARY AND PERSONNEL AT BRANCHES.

Mr. BYRNS. Has this suggestion of the board caused the board of nanagers to increase the personnel and salaries at other branches?

Gen. WOOD. Yes; it has had a certain effect, because when you ·aise salaries at one place it makes it pretty difficult not to raise them ıt other places.

Mr. BYRNS. To what extent has it had that result?

Col. WADSWORTH. It would be a little hard to answer that. Perıaps the greatest influence, I believe, that we would be able to deternine is the change in the medical attitude of wanting to specialize, vhich brings in constantly a demand for something we never heard of ›efore. For instance, take these T. B. cases. You remarked awhile go that it did not cost us anything to keep them in bed. Quite the ontrary is true. It does cost us. We have two or three records to :eep, and we have to have the men to watch them, and we do about ive times as much clerical work as we did before. Then we have to ıave another class of people to play with them and furnish them omething to do when they are at their waking hours. So we have a

lot of things that we did not have a few years ago, and I do not believe they had them in other hospitals.

Mr. BYRNS. If you have concentrated all this class of patients in two branches, why should it serve to cause an increase in the personnel and salaries of other branches?

Col. WADSWORTH. But we have not done that.

Mr. BYRNS. I thought that was the object of the board.

Col. WADSWORTH. Take the Mountain Branch, it is practically filled to its capacity. To-day we have about 300 tuberculosis patients at the Central Branch. We have nearly 200 at the Pacific Branch, and we have got probably 50 or 60 up at Battle Mountain, and we have a smaller group in the Eastern Branch.

The CHAIRMAN. Is it your experience it costs more or less as the number increases?

Gen. WOOD. It costs less per capita because there is less overhead. The administrative cost is much less, although the medical side increases.

The CHAIRMAN. If your overhead per capita for salaries increased at the rate of 100 per cent, it would not cost much less, would it?

Gen. WOOD. Yes; it would in this way: If you have an increasing number of patients, say, from 600 to 1,000 at a branch, you would require practically the same force in the managerial department and the same force in your subsistence department and the same force in other departments. The number of your nurses would increase and the number of medical men, but the administration could do their work just as well for 1,000 as for 600.

The CHAIRMAN. On the advice of the experts whom you have enumerated, has there been increase in the cost of any other part of the personnel through an increase in salaries?

Gen. WOOD. The nonprofessional side has not increased. We have kept that at about what it was before.

The CHAIRMAN. How far has the increase extended down through your personnel?

Gen. WOOD. It would include your doctors and, of course, it would include your therapeutic aids, which we never had before, really.

The CHAIRMAN. How about the nurses?

Gen. WOOD. It would include your nurses.

The CHAIRMAN. How does the compensation paid to nurses compare under this new plan?

Col. WADSWORTH. It added $10 a month at the Central Branch and at the Moutain Branch $20 and at Marion $20. It has had this effect. Naturally when the people who are attending to the tuberculosis patients at the Mountain Branch are getting a higher rate of wage or a special rate of wage, the people who are attending tuberculosis patients at the Central Branch become restless and we had to advance their pay.

The CHAIRMAN. What has been the rate of advance?

Col. WADSWORTH. We were paying $3,600 for the chief man there and prior to that time our highest rated man there was $2,740 and we have had to put on two other higher-priced men there and about the same thing is true of the Pacific Branch. Then we have had to add to the nurses who were engaged in handling tuberculosis. Seventeen nurses went over in one group and we advanced them $10 a month.

REPAIRS.

The CHAIRMAN. Is this $3,000 item you are asking for in order to increase compensation?

Col. WADSWORTH. No, sir; that is for repairs for the upkeep of the plant. In submitting our estimates we can never tell in advance just what we are going to have and we have run into more things under this item than we expected.

The CHAIRMAN. And this is an actual necessity?

Col. WADSWORTH. Oh, yes, sir.

FARM.

The CHAIRMAN. Take up the next item of the farm, for pay of farmer, chief gardener, harness makers, farm hands, etc.

Col. WADSWORTH. That, sir, is another misleading wording. There is not any such thing as a farm down there, but this appropriation cares for all our transportation, our upkeep of the ground, roads, walks, and everything of that kind.

The CHAIRMAN. And also the cemetery?

Col. WADSWORTH. We have no cemetery at this branch. We use the national cemetery outside. It is for the other items such as transportation and hauling, etc.

The CHAIRMAN. And you are asking for $2,500 under this item?

Col. WADSWORTH. We are asking $2,500 and that amount is actually needed. It is nearly all paid out in the salaries of the men we have to employ to do this work.

The CHAIRMAN. Could you get along with any less than that?

Col. WADSWORTH. No, sir; that is based upon an actual statement of the needs.

The CHAIRMAN. Is any of this for an increase in pay?

Col. WADSWORTH. No; in fact, we are keeping our men very low there. There is one item that has militated, perhaps, against this appropriation. When we had stronger men there we had more men who would violate the rules and would be sentenced to some little light duty like picking up leaves or keeping the roads clean, but as the men grew older that source for getting a little work done has been wiped out entirely.

The CHAIRMAN. Will you be kind enough to put in the record the condition of the present appropriation, if you have it?

Gen. WOOD. I have here a rough statement showing that made up on the 31st of October.

The CHAIRMAN. Does that statement show the unexpended balances?

Gen. WOOD. Yes, sir.

(The statement referred to follows:)

SOUTHERN BRANCH, NATIONAL HOME FOR DISABLED VOLUNTEER SOLDIERS.

Statement of appropriations for fiscal year 1922.

	Current expenses.	Subsistence.	Household.	Hospital.	Transportation.	Repairs.	Farm.	Total
Appropriation	$50,000.00	$210,000.00	$115,000.00	$95,000.00	$1,000.00	$60,000.00	$12,000.00	$543,000.00
Received from sales to Sept. 30	.....	1,263.15	207.12	.....	.....	4.00	4.75	1,479.02
Total	50,000.00	211,263.15	115,207.12	95,000.00	1,000.00	60,004.00	12,004.75	544,479.02
Expended to Sept. 30	10,244.19	37,536.22	30,091.36	16,665.86	42.17	10,175.24	3,039.49	107,794.53
Payments due for supplies	403.14	73,712.99	68,217.50	9,799.38	20.28	11,514.45	1,830.14	165,497.88
Total	10,647.33	111,249.21	98,308.86	26,465.24	62.45	21,689.69	4,869.63	273,292.41
Balance	39,353.67	100,013.94	16,898.26	68,534.76	937.55	38,314.31	7,135.12	271,187.61
Estimated sales, 10 months	.....	6,000.00	200.00	.....	.....	.....	.....	6,200.00
Total	39,353.67	106,013.94	17,098.26	68,534.76	937.55	38,314.31	7,135.12	277,387.61
Estimated expenditures	47,007.58	149,460.00	47,820.96	87,922.75	737.55	40,290.00	9,700.00	382,938.84
Balance, June 30, 1922	[1] 7,653.91	[1] 43,446.06	[1] 30,722.70	[1] 19,387.99	200.00	[1] 1,975.69	[1] 2,564.88	[1] 105,551.23
Detail of estimated expenditures to June 30, 1922:								
Pay schedule, 10 months	45,130.00	26,880.00	20,430.00	76,420.00	.....	20,490.00	7,900.00	197,250.00
Annual supplies	1,552.58	.....	21,308.96	.....	.....	.....	.....	22,861.54
Supplies, Jan. 1 to June 30	275.00	63,780.00	6,082.00	7,402.75	.....	19,650.00	1,300.00	98,489.75
Supplies, Apr. 1 to June 30	50.00	58,800.00	.....	4,100.00	.....	150.00	500.00	63,600.00
Special items	.....	.....	.....	.....	737.55	.....	.....	737.55
Total	47,007.58	149,460.00	47,820.96	87,922.75	737.55	40,290.00	9,700.00	382,938.84

[1] Deficit.

NUMBER OF VACANT BEDS IN ALL BRANCHES.

The CHAIRMAN. Is the Veterans' Bureau utilizing all of the beds you have available for War Risk patients, and, if not, how many vacant beds have you available and where are they located?

Gen. WOOD. At the Central Branch we have general beds, 524; vacant beds, 37; tuberculosis beds, 297; vacant beds, 4. Northwestern Branch: General beds, 392; vacant beds, 144. Eastern Branch: General beds, 280; vacant beds, 145; tuberculosis beds, 30; vacant beds, 23. Southern Branch: General beds, 215; vacant beds, 41. That does not include the senile dementia cases which are covered in another group. Western Branch: General beds, 525; vacant beds, 148. Pacific Branch: General beds, 425; vacant beds, 59; tuberculosis beds, 300; vacant beds, 104. Marion Branch: neuropsychiatric beds, 968; vacant beds, 381. Danville Branch: General beds, 231; vacant beds, 13. Mountain Branch: Tuberculosis beds, 999; vacant beds, 168. Battle Mountain Sanitorium: General beds, 357; vacant beds, 34; tuberculosis beds, 70; vacant beds, 19.

Mr. BYRNS. Have you the total of those figures so as to show the total number of vacant beds?

Gen. WOOD. We have in the neighborhood of 1,400 vacant beds of all classes.

Mr. BYRNS. Are all of those beds available for the Veterans' Bureau if they were desired?

Gen. WOOD. Yes, sir; they are open to them at any time.

The CHAIRMAN. How many general beds have you vacant?

Gen. WOOD. About 800.

The CHAIRMAN. And about how many vacant tuberculosis beds?

Gen. WOOD. We probably have about 300 and about 375 neurophychiatric beds.

The CHAIRMAN. And they are all available for War Risk patients?

Gen. WOOD. Absolutely.

The CHAIRMAN. Does the War Risk Bureau know that you have these vacancies?

Gen. WOOD. We have to make a report every week to the War Risk Bureau by telegraph.

The CHAIRMAN. And they know that they have these facilities at their disposal?

Gen. WOOD. Yes, sir.

WEDNESDAY, NOVEMBER 16, 1921.

BRAZILIAN INTERNATIONAL EXPOSITION.

STATEMENTS OF MR. WILBUR J. CARR, DIRECTOR OF THE CONSULAR SERVICE, AND MR. M. D. CARREL, ECONOMIC ADVISER, LATIN-AMERICAN DIVISION, STATE DEPARTMENT.

The CHAIRMAN. Mr. Carr, you are here to talk about the Brazilian International Exposition?

Mr. CARR. Yes, sir.

The CHAIRMAN. Have you any information as to how the money is to be used other than that which is shown in this statement?

Mr. CARR. This statement of the manner in which the proposed appropriation is to be expended, Mr. Chairman, which is attached to our estimate is based upon the cost of participation in expositions, mainly the Paris Exposition, and it does not pretend to be more than an indication of the manner in which money is usually spent for an exhibition of the character which it is proposed to prepare for Brazil. Having no appropriation, having only the resolutoin authorizing the appropriation, which has only just passed, of course we have made no detailed plans. We have no commissioner general or other person to make detailed plans for participation in the Rio exposition, and of course we can not go ahead with plans until we know the maximum of money which we have at our disposal and be empowered to pay to have plans made.

COMPENSATION OF EMPLOYEES.

The CHAIRMAN. In order to be able to tell what the maximum amount should be we, properly speaking, should have at least an outline as to what the compensation of the people is going to be.

Mr. CARR. The compensation, Mr. Chairman, of all the high-salaried officers is regulated by the resolution itself; Congress has done that.

The CHAIRMAN. The resolution provides that no person appointed shall receive a greater salary than $15,000, not more than one person shall receive that, not more than one person shall receive in excess of $10,000, and not more than three in persons in excess of $7,500 each!

Mr. CARR. Yes, sir; so, with the exception of the officers designated, the compensation of all of the employees must be below $7,500, and, of course, the majority would receive far below $7,500.

METHOD OF APPOINTING EMPLOYEES.

The CHAIRMAN. Are they to be appointed under the civil service, except those?

Mr. CARR. I do not know; but I imagine that it would not be feasible to employ them under the civil service, because, for example, a large number would have to be employed in Brazil itself, who could hardly be brought under our civil-service examinations.

The CHAIRMAN. They would just take the natives?

Mr. CARR. For the laborers, mechanics, and people of that sort employed in erecting the buildings. Then, I imagine, the commissioner general would endeavor to get as good talent as he could in this country, men, for instance, who could not be had through any civil-service process, and who for expenses and a small compensation perhaps would be willing to devote their special talents to the preparation of plans, designs, installation, and doing other important parts of the work.

Mr. ANTHONY. Does the act exempt the employees from the civil service?

Mr. CARR. No; it does not say anything about the manner in which they shall be chosen.

COST OF BUILDING.

The CHAIRMAN. It is proposed to spend $325,000 on buildings?

Mr. CARR. That is only tentative. The gentlemen who looked over the ground in Brazil considered, in view of the location of the site chosen for the United States, the surrounding buildings, and the fact that Great Britain is contemplating the erection of a building to cost about $500,000, that the United States ought to have a building costing nearly $500,000 in order that the United States might not appear inferior to the other Governments in its representation.

NATURE OF EXHIBITS.

The CHAIRMAN. What will be the nature of the exhibits there?

Mr. CARR. The exhibits which the Government is to furnish are to be governmental exhibits, showing the operations of the various governmental departments and particularly those which have to do with agriculture, forestry, and things of that sort in which Brazil is especially interested.

The CHAIRMAN. Will they show anything about the industrial development?

Mr. CARR. They will cover the whole field of industrial activity—forestry, agriculture, cattle raising, and so forth.

The CHAIRMAN. And anything about manufactures?

Mr. CARR. Yes, sir.

PRIVATE EXHIBITS.

Mr. ANTHONY. The bulk of the manufacture exhibits will be by manufacturers themselves, I suppose?

Mr. CARR. Yes, sir. A number of the large American companies propose to erect their own buildings and have their own exhibits, but there are strong reasons why the Government of the United States should make a large exhibit, because the United States is foremost in the world in agriculture, foremost in the world in forestry, and in a number of things which have a peculiar interest to Brazil. Mr. Carrel, who knows Brazil very thoroughly, will be able to tell you very much more about it than I, if you care to have him take up the testimony at this point.

The CHAIRMAN. One more question and then we will be glad to hear Mr. Carrel. Is it contemplated that nothing but Government exhibits shall be displayed in the Government building?

Mr. CARR. That is my understanding.

The CHAIRMAN. And all other exhibits will be under roofs controlled by private individuals?

Mr. CARR. Yes, sir.

PERIOD OF EXPOSITION.

Mr. BYRNS. How long is the exposition to last?

Mr. CARR. It is to open the 7th of next September and to continue on through September, October, and November.

ULTIMATE DISPOSITION OF BUILDING.

Mr. BYRNS. What will be done with the building after the exposition is closed?

Mr. CARR. That has not been decided.

Mr. BYRNS. Is it contemplated to put up a building of a permanent nature?

Mr. CARR. That remains to be determined. There were suggestions made, I understand—I was not there—in the committee reporting the resolution, that the building might be utilized in some fashion for an embassy.

Mr. BYRNS. There is a provision which authorizes the Government to construct embassy buildings, when they get the money, in various countries?

Mr. CARR. Yes, sir.

The CHAIRMAN. A limit of $150,000 is placed on the building and grounds in any one place.

GOVERNMENT-OWNED EMBASSIES.

Mr. BYRNS. How many have you for the Government in other countries?

Mr. CARR. We have one in China, one in Japan, one in Siam, one in Cuba, one in Turkey, and one in Panama. We have an appropriation for one in Chile, an appropriation for one one in Mexico, one in Costa Rica, and one in Paris. At the last session Congress appropriated a lump sum of $300,000 to be utilized in purchasing buildings in any of several places which it mentioned.

LONDON EMBASSY.

The CHAIRMAN. Did we accept the offer of Mr. Morgan for the building in London?

Mr. CARR. Yes, sir.

The CHAIRMAN. We have that building?

Mr. CARR. Yes, sir.

The CHAIRMAN. Are we occupying the building now?

Mr. CARR. It is not occupied. Only within the last few days have we been able to get the title passed to the United States. It was difficult to find a way to comply with the British law, so that the title could legally pass to the United States. We found a way; and, I think, we are now going ahead to make plans for the occupation of the property.

Mr. BYRNS. Does the Government furnish the building and also maintain it?

Mr. CARR. The Government furnishes the buildings, and in the foreign-service appropriations there is a fund provided for repairs and for maintenance.

The CHAIRMAN. Did Mr. Morgan have the fee to the property?

Mr. CARR. Yes, sir. It is one of the few fee properties available in London.

The CHAIRMAN. That is what I suspected.

Mr. CARR. Property there is usually held on long lease, but in this case Mr. Morgan had the fee-simple title and transferred that to the United States.

The CHAIRMAN. How much will it cost to put it in order?

Mr. CARR. The only estimate we have, which comes from the man who formerly looked after that property for Mr. Morgan, is about $140,000.

The CHAIRMAN. So we have reached the limit of our authority in putting the building in order?

Mr. CARR. It requires to be done over and certain alterations to adapt it for embassy purposes, and of course it has to be furnished throughout, provided with new electric installation, lighting, and other necessary equipment for an ambassador's residence.

The CHAIRMAN. You spoke of the possibility of this building in Brazil, if they erected it, being used for embassy purposes. That would require tearing down and reconstructing?

Mr. CARR. I do not know. I am not familiar enough with the city of Rio de Janeiro or with the use to which the building would be put to answer intelligently.

The CHAIRMAN. I do not see how you could put up an exposition building and use it for a private residence.

Mr. ANTHONY. That is absurd.

Mr. BYRNS. The location would not be suitable.

Mr. CARR. Mr. Carrel can tell you as to that.

The CHAIRMAN. We shall be glad if you will give us a comprehensive picture of what you believe will be involved in the expenditure of this $1,000,000, if appropriated.

GENERAL STATEMENT OF MR. CARREL.

Mr. CARREL. Mr. Chairman, I am an economic advisor attached to the Latin American Division of the State Department.

I have visited the South American countries on private business a number of times, including Brazil, being in that country six different times, so I know something of the general conditions in Brazil and other South American countries, particularly as affecting the commercial relations of the United States with those countries, and I think I have had impressed upon me the importance of our paying particular attention to those relations and to fostering our commercial intercourse with South America, and have been particularly impressed with the fact that the people of the South American countries attach more importance possibly than we do in this country to the exchange of courtesies and to some show in connection with undertakings such as this.

Just as a general outline of the situation with reference to the proposed exposition, I might say that in June last the Government of Brazil sent a formal invitation to the Government of the United States to participate in a centennial exposition to be held in Rio de Janeiro, beginning the 7th of September, 1922, and extending through September, October, and November.

The invitation of this Government to participate mentioned as desirable exhibits relating to farming, cattle raising, fisheries, mining, mechanical industries, transportation, communication, commerce, science, and fine arts, with special emphasis upon forestry and manufacturing industries.

As the gentlemen probably know, Brazil is in a state of development at the present time that possibly compares with the situation in the United States 30 or 40 years ago, and this vast country, in which are produced all sorts of raw products, is susceptible to the development of industries of many kinds in which they are going to require all sorts of machinery, tools, and equipment manufactured in other countries. For that reason not only manufacturers in the United States but also those of Europe and Japan are very much interested in getting a strong foothold in the market, so as to supply Brazil's large needs.

This coming centennial celebration in Brazil is intended to celebrate the one hundredth anniversary of the establishment of the independent Government of the United States of Brazil. The United States of America, in 1876, celebrated, at Philadelphia, by means of a similar centennial exposition, the one hundredth anniversary of the birth of our Republic. To that celebration all nations of the world were invited and a great deal of the success of our own centennial celebration in Philadelphia in 1876 was due to the liberality with which foreign Governments participated, and Brazil was one of the principal foreign participants at that exposition. Dom Pedro, the Emperor of Brazil at that time, was, I am told, the only head of a foreign Government to attend, and a Brazilian man-of-war the only foreign naval vessel to visit the port for the celebration.

Brazil's experience at that exposition, the resulting ties of friendship between the Brazilian people and the people of the United

States; the benefits to commercial intercourse between Brazil and the United States were such as to serve as an incentive to Brazil in participating in subsequent expositions in the United States. It took part in the Foreign Exposition in Boston in 1883; in the Industrial and Cotton Exposition in New Orleans in 1884–5; in the World's Fair, Chicago, in 1893; at the Pan-American Exposition at Buffalo, 1901; in the Louisiana Purchase Exposition at St. Louis in 1904; in the Ter-Centennial Exposition at Jamestown in 1907; and in the Pan-American Pacific Exposition, San Francisco, in 1915.

Brazil has cordially responded to these many invitations which we have extended to her, and by her participation and by her expenditures there has always helped us make them a success. The available data as to the cost of her exhibit at the St. Louis Exposition show that she spent no less than $600,000 there.

After the exposition was over the Government of Brazil took her magnificent exposition building and transported it from St. Louis to Rio de Janeiro, where it was erected on one of the principal avenues as a permanent structure, which is now used as the home of the Brazilian Congress, and is known as the Monroe Palace, in honor of our President Monroe and in recognition by the people of Brazil of the Monroe doctrine. In the immediate vicinity of this building, which is entirely in keeping with its surroundings, are some of the finest public buildings in Brazil's capital, which has a population, by the way, of 1,500,000. I refer to the Palace of Justice, the national opera house, the national library, and other similar monuments of architectural beauty. Just recently the Brazilian Government has floated a loan in the United States of $12,000,000, the proceeds from which are to be utilized in preparing sites and buildings for this coming centennial exposition.

Within a couple of blocks of this Monroe Palace will be the main entrance to the exposition grounds. Passing through the entrance, the first buildings, on a wide avenue overlooking the wonderful harbor of Rio de Janeiro, will be the buildings of the foreign Governments which participate. One of the principal sites has been set aside for the United States Government. Great Britain, Belgium, Portugal, Japan, France, and others will be represented. It has been reported that the British Government has planned a building to cost £100,000 sterling. The United States Government building, located in so conspicuous a place, along with those of other foreign Governments, and within sight of the Monroe Palace, which was Brazil's building at the St. Louis Exposition, must be in keeping with its surroundings. An American engineering firm in Rio de Janeiro has gratuitously made an estimate of the amount that should be spent for the United States building and equipment of $500,000.

ULTIMATE DISPOSITION OF BUILDING.

We have been told that a private concern in Rio de Janeiro has already suggested that at the end of the exposition it would be willing to take over this building for their own use; that is, purchase it from the United States. As Mr. Carr has stated, it was also suggested in the Committee on Industrial Arts and Expositions that

probably the building might be used as quarters for the embassy in Brazil.

The CHAIRMAN. That could not be done. It would have to be torn down and reconstructed.

Mr. CARREL. Also, that the consulate general and the American Club might be housed there.

The CHAIRMAN. What is the club?

Mr. CARREL. I mean the American Chamber of Commerce.

Mr. SISSON. That is a private institution?

Mr. CARREL. If housed in the building, of course, it would be required to pay rental. Those are merely passing suggestions that have originated from different persons interested in the success of American representation in Brazil, not from the State Department.

Mr. SISSON. I do not suppose anybody seriously contemplates that the Federal Government is going to rent quarters to private people.

Mr. CARREL. I merely mentioned that as illustrating the fact that the building need not necessarily be torn down and constitute a total loss after it has served its purpose as an exposition building. It is in a central location, near the business part of the city, and probably can be utilized for other purposes.

GOVERNMENTS WHICH WILL ERECT BUILDINGS.

Mr. BYRNS. You say that Great Britain is going to erect a building. Is there any intimation that other Governments will erect buildings?

Mr. CARREL. Yes, sir.

The CHAIRMAN. What other Governments?

Mr. CARREL. We have been told that the Japanese have selected a site and that the Belgian Government has also selected a site.

TITLE TO LAND.

Mr. ANTHONY Does the Brazilian Government just give us the right to erect the building or does it give us the land if we are going to erect a permanent building?

Mr. CARREL. A great many details of this kind in connection with our exhibit that also have occurred to us have not been worked out and it will be impossible to work them out until the Government is authorized to spend some money and can employ a man experienced in planning exhibits to work them out.

Mr. SISSON. Of course, you can not acquire the land under any corcumstances without a specific act of Congress, because there is another act which prevents you from doing it.

Mr. CARREL. If you will remember, in connection with the Paris exposition, the money that was used for that exposition was obtained from various appropriations. An appropriation of a few hundred thousand dollars was originally made and then it was discovered that that was insufficient and another appropriation was made, and from time to time additional appropriations were made, until the total amount appropriated by Congress and used for the Paris exposition was something in the neighborhood of $1,500,000.

KEEPING WITHIN APPROPRIATION.

The CHAIRMAN. What is contemplated in this case—is it to be confined to $1,000,000?

Mr. CARREL. It is intended that $1,000,000 shall cover all expenses.

Mr. SISSON. Will it?

Mr. CARREL. That is the intention.

The CHAIRMAN. That is the limit of the authority.

Mr. CARR. It must cover it.

Mr. CARREL. You will find that upon the recommendation of the Secretary of State the House fixed the limitation and Congress in passing the resolution provided that the expenditures shall be controlled by the Secretary of State.

Mr. SISSON. So this committee, Congress, and the country can understand that positively $1,000,000 is as much as the United States Government will expend?

Mr. CARREL. I would say so.

Mr. SISSON. And it will not be necessary to have any deficiency to cover any obligation incurred by the management so as to force the Government to appropriate more than $1,000,000?

Mr. CARR. The position of the Secretary of State in regard to these matters is that when he asks for an appropriation of this character and gives his word to Congress that it is not going to be exceeded he proposes to see that it is not exceeded. There is no doubt about the correctness of that statement. Mr. Hughes is working in cooperation with Gen. Dawes——

Mr. SISSON (interposing). If Secretary Hughes does that, he will set a magnificent precedent for future Cabinet officers and future administrations. If he is iron-handed enough or steel-handed enough to see that the other departments, the War and Navy Departments and other activities, shall not indirectly have any more money than this $1,000,000, he will be entitled to a vote of thanks and a medal of honor.

Mr. CARR. If you appropriate $1,000,000 for this expense, I will guarantee that Secretary Hughes will not permit it to be exceeded.

Mr. SISSON. I was not referring especially to Secretary Hughes, but I want to know about the others.

Mr. CARR. I think I can guarantee that the President will not permit anybody else to ask for more money.

Mr. CARREL. That is the reason we have adopted this plan of arriving at the amount. We have not considered it advisable or in the interest of economy to go around among the various departments and build up the estimate item by item, thereby arriving at an amount away beyond the limit that should be placed upon it. For that reason we have fixed the limit of $1,000,000.

CHARACTER OF BUILDING CONSTRUCTION.

The CHAIRMAN. Does anybody know about the character of this building construction?

Mr. CARREL. No, sir; not definitely enough to make a statement, as we have as yet had no means of making a definite plan for it.

The CHAIRMAN. I suppose it will be of stucco?

Mr. CARREL. A steel-frame structure was mentioned in connection with it. It will probably be a steel-frame building, but, as I have said, those details as to the exact style of the building, the plans, and the material of which it is to be built are things that must be worked out by some one experienced in those matters, and such a man we have been unable to obtain and will be unable to obtain until we have authority to pay him. As I was about to say, as a basis for comparison in fixing the amount required, we have used the figures covering expenditures at the Paris Exposition in 1900, totaling $1,472,500; the United States Government exhibit at the San Francisco Exposition in 1917 of $1,174,000; and Brazil's expenditures at the St. Louis Exposition of over $600,000. And considering the fact that the cost of materials, transportation, wages, and practically every other item involved is much higher to-day than at the time of those expositions, we feel that the amount asked for in this case is very reasonable.

The United States Government has taken part only once in an exposition in Brazil, and that was merely by sending a commission there to represent it. It merely sent a commission to the Peruvian Centennial Celebration, but this celebration was not an exposition and lasted but a few days. It merely sent a commission to represent it at the Buenos Aires Exposition in 1912, and only a few works of art. That was the subject of no little comment because of the meagerness of the participation as compared with that of other countries. In fact, the United States Government, except at the Paris Exposition, has not responded to invitations from foreign countries to take part in their expositions as they have responded to ours, and particularly is this true with reference to Brazil.

As to Brazil's importance among the nations—its territory is more extensive than that of the United States. It has a population of 25,000,000, and its capital, where the exposition is to be held, has a population of nearly 1,500,000, as compared with 600,000 at San Francisco, 1,700,000 for Philadelphia, 800,000 for St. Louis, and 400,000 for Washington. The population of the republic is greater than that of Belgium, Portugal, and Spain, compares favorably with that of France (39,600,000) and is more than half that of the United Kingdom (46,000,000). It is more than that of Canada and Mexico and is four times that of the Argentine Republic (7,800,000). Our exports to Brazil in 1911 were valued at $29,000,000; in 1920 at $156,740,365. Our imports from Brazil in 1911 were valued at $103,464,111 and in 1920 at $227,587,594, or nearly double in 10 years. Practically all this increase occurred during the period of the war.

Mr. SISSON. How much falling off has there been?

Mr. CARREL. That I do not know.

The principal points that should be borne in mind in connection with our participation in this exposition is that it should be in harmony with the dignity and wealth of our great Nation; as a matter of reciprocal courtesy it should be a fitting recognition of the liberality with which Brazil has many times respended to our invitations; and last but not least it should be such as to show to those engaged in commerce between Brazil and the United States not only Brazilian bankers and merchants, but also our own business interests, that it is the purpose of this Government to encourage and

protect in every legitimate and feasible manner the commercial intercourse that has recently developed to such an extent. And the importance that should be given this encouragement and protection can not be too greatly emphasized when we see the manner in which competitors of our nationals in foreign trade are being encouraged and aided by their own Governments.

BUILDING SITE.

The CHAIRMAN. According to the statement we have before us you propose to erect a building that will cost about $300,000, and I notice that you have an item of $25,000 here for the acquisition and preparation of the site. Do we have to buy a site?

Mr. CARREL. We may have to buy or lease a site.

The CHAIRMAN. That is rather unusual, is it not?

Mr. CARREL. I do not think so. A part of this property, or a part of the site for the exposition is Government property, and a part of it is private property.

Mr. SISSON. In the case of expositions heretofore all over the world have they not furnished the ground upon which the participants put up their exhibits?

Mr. CARREL. I can not say, but believe it would depend upon conditions upon which the entire exposition site was obtained.

Mr. SISSON. It strikes me that that is very peculiar.

The CHAIRMAN. I think they have furnished the ground. We did in Chicago, and I understand that sites were provided at St. Louis and at San Francisco.

Mr. CARR. My recollection is that it is proposed to lease a site.

The CHAIRMAN. It says "acquisition," and under that language it could be leased.

Mr. CARREL. That would cover a lease.

DETAILS OF BUILDING COST.

The CHAIRMAN. For the construction of the building, $300,000 is suggested here. If you have a building that costs $300,000 when you get it erected, you would have the cost of the transportation of the materials, which I presume would be transported from here.

Mr. CARREL. Some of the material to be used in the construction of the building would be transported from here.

The CHAIRMAN. The steel, for instance?

Mr. CARREL. Steel, cement, and such things as that.

The CHAIRMAN. For decoration of buildings and grounds you have suggested $25,000; for electrical installation, $25,000; for façades and partitions for exhibit space, $25,000; and for furniture and equipment, miscellaneous items, $100,000. That would bring you up to $500,000.

Mr. CARREL. Yes, sir; you will see that it harmonizes, so far as possible, with similar items of expense for other expositions.

The CHAIRMAN. Did I understand you to say that there would be some value attached to this building after we got through using it for exhibition purposes?

Mr. CARREL. Undoubtedly.

The CHAIRMAN. What is the probability of anyone buying it?

Mr. CARREL. It has been suggested that it could be sold to some local interests.

The CHAIRMAN. I suppose it would be sold at a small price. Naturally, the building would not be in proper form for any private use.

Mr. CARREL. That would depend upon its design.

The CHAIRMAN. It probably would not be of the kind of construction that anybody would need.

Mr. CARR. It has been suggested that the building would be constructed with a steel frame so that it could be utilized afterwards, if it were taken over by some local interest.

EMPLOYEES.

The CHAIRMAN. Of course, if that could be done, it would be very desirable. I notice that for personal services, salaries, and wages you suggest $100,000. That would be the maximum amount expended out of the $1,000,000 for the commissioners and other employees?

Mr. CARR. We made that statement only tentatively. We do not know what the amount required would be.

The CHAIRMAN. There could not be much more than that expended for wages and salaries, because it would leave very little for the real purposes of the exposition.

Mr. CARR. Of course, the whole interest that the Department of State has in this matter is to get as much of an exhibit as possible rather than to employ a large number of people. It has no interest whatsoever in employments except in so far as they are necessary to prepare the proper kind of an exhibit.

The CHAIRMAN. Of course, it would be impossible for you to enumerate the number of employees and the compensation to be allowed them?

Mr. CARR. Quite so.

The CHAIRMAN. If we make this appropriation, do we have the assurance of the department that nobody will be employed except where it is necessary?

Mr. CARR. I can assure you of that.

The CHAIRMAN. And that no exorbitant pay will be granted?

Mr. CARR. You have fixed a maximum for the salaries for the men who would naturally get large pay, if anybody should, as well as the number of such employees, and I am quite sure that whatever your wishes may be with regard to that, keeping employees at a minimum, the Secretary of State will insist upon carrying them out.

The CHAIRMAN. It would be the purpose of this committee to urge, at any rate, that no extravagant rates of pay be allowed, that no unnecessary employees be put on, and that as little of the amount appropriated should be used for salaries as possible, so that the exhibit itself might be the best possible under the circumstances.

Mr. CARR. The feeling that we have in the Department of State is that this Government stands alone in all of the world in its peculiar relation to South America. It has never yet participated in an exposition in South America in a manner commensurate with its own importance and special relations to South America. Here is an op-

portunity for it to do so, when it can reach not only Brazil but all of South America through the manner in which it participates in this exposition and impress them with its friendship and respect in a practical way. All of the Governments of South America will be represented in this exposition, and the United States ought to be well represented.

DESIRABILITY FOR AND EFFECT OF EXHIBIT.

The CHAIRMAN. You consider that the expenditure of $1,000,000 will be justified from the standpoint of amity and also from the commercial standpoint?

Mr. CARR. I do. I think it would be a good investment. I would a good deal rather, so far as I am concerned—and I know that the Secretary of State feels this way and he has so stated—not participate at all than fail to provide a proper exhibit. The Secretary believes that if we are not to have a proper exhibit, one that will do us credit and adequately express our regard for Brazil, it would be better for us to stay at home and not invest any money at all in it. An inadequate amount of money invested in such an exposition as this would be money wasted, whereas an investment commensurate with our special relations with Latin America would be a good investment. It would be a good practical business investment.

The CHAIRMAN. Do you think that the character of our display would be looked upon as in some sense a measure of our importance as a Nation?

Mr. CARR. It would be looked upon in some sense as a measure of our own importance, and would be regarded in another sense which they would consider more complimentary—that is, as showing a proper appreciation of their advancement and of their importance.

Mr. BYRNS. If this building were not put up, what would the Government have to do in the way of providing space for such exhibit as it might have?

Mr. CARR. I do not know how that would be arranged, but the practical effect of not having provided a proper building would be that the United States would be in a humiliating position in Brazil and in this hemisphere by the fact that the other great Governments had put up buildings more or less commensurate with their importance, while the United States, the one Nation that has a peculiar relation to South America, had ignored the value of proper representation to itself and the duty of showing adequate interest in its neighbors' welfare by failing to participate in a proper manner. We would suffer very materially from it.

The CHAIRMAN. What other important nations, aside from England and Japan, have expressed a willingness to exhibit there?

Mr. CARR. England, Japan, and Belgium are the ones we know are sending exhibits.

Mr. CARREL. There also was a press dispatch that appeared recently to the effect that Portugal has decided to participate.

Mr. CARR. There is this to be borne in mind in connection with this matter, and I think it has a material relation to it, and that is that Great Britain is putting up there a $500,000 building, or nearly that. Two years ago Great Britain sent a most important mission

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Mr. CARREL. No, sir; our banks now handle settlements direct in dollars.

The CHAIRMAN. They can get it on New York?

Mr. CARREL. Yes, sir.

The CHAIRMAN. What about our ability to extend credits for longer periods of time than is customary with American business people? For example, in South America they are in the habit of giving longer time credit than we have here, or credit for six months or a year instead of 60 days as here.

Mr. CARREL. I believe you can go to any bank in New York that has a branch in Brazil and get as good a line of credit extension for any responsible concern in Rio Janeiro or any other Brazilian city as you could with relation to business houses in the United States.

The CHAIRMAN. Have we any financial medium among our banking interests now that will enable American merchants to get their paper discounted at proper rates so as to enable them to extend long-time credits? That has been our trouble in South America, has it not?

Mr. CARREL. That has been the difficulty in the past, because, not knowing the firms in those countries and not being able to find out what their financial status was, our exporters were unable to get drafts discounted by our banks. That was true because the banks were not willing to run the risk of the drafts not being paid.

The CHAIRMAN. To what extent has that been remedied by the act of Congress authorizing the establishment of banks in foreign countries?

Mr. CARREL. Very much so, and much of this big development in the trade with South American countries has all been subsequent to the passage of the Federal reserve act.

The CHAIRMAN. What advantage do the European nations have over us in South America in the matter of selling goods outside of the matter of credit? Do they make goods more suitable for that trade than we do, or do they pack them better?

Mr. CARREL. They have been doing that; but we are learning how to meet their competition. We have gradually learned how to meet that competition. Of course, during the war it was not necessary to adapt our goods so much to the requirements of South American countries, because we were the only producing nation that could furnish certain materials at that time, and they had to take our products because they could not get them anywhere else. However, you will find that a great many of our manufacturers are now paying more attention to the customs and requirements of those countries than they ever did before.

The CHAIRMAN. Has the American business man learned the necessity of putting young men in South American and keeping them there until they become acquainted with the customs and habits of the people so as to be able to deal with them as the Europeans do?

Mr. CARREL. They are trying very hard to do that.

The CHAIRMAN. To what extent have they adopted that plan?

Mr. CARREL. A number of banks, commercial houses, and manufacturers have classes in which they train young men for the foreign service. Apparently the great difficulty they find is in keeping the young men abroad. Apparently they like their home country better than any foreign country.

The CHAIRMAN. What disadvantage do we have from the fact that when South American people come here to trade we have nobody in the houses in which they would like to trade who can speak their language?

Mr. CARREL. We have some disadvantage in that respect, but we find that most of the houses that have business relations with Latin-American countries have people who speak their language in the home office. There is another very peculiar thing, and that is that many of the South American people speak more languages than we do. You will find that most of the leading business men there, and particularly the educated ones, speak English.

The CHAIRMAN. I have asked these questions, which seem not to be at all related to the subject, for the purpose of reaching a conclusion as to whether or not the expenditure of this $1,000,000 was calculated to in anywise enlarge our trade.

Mr. CARREL. I think it will have that effect.

The CHAIRMAN. And whether there was any obstacle in the way of the enlargement of our trade. While the questions may have seemed to be outside of the scope of the appropriation, they were asked for the purpose of getting a little better viewpoint.

Mr. CARREL. I see no obstacle in the way of expanding our business in South America. That is, provided we give proper attention to our business in South America, which is quite as essential there as proper attention to business anywhere else or at home.

The CHAIRMAN. It is your judgment that the expenditure of this $1,000,000 will lead to the creation of a better sentiment?

Mr. CARREL. By all means.

The CHAIRMAN. You would not say that business is done as a matter of sentiment, would you?

Mr. CARREL. It is to a large extent in those countries. As a matter of fact, you can do business better with a man here if you know him well, and know his relatives, and can be on intimate terms with him.

Mr. BYRNS. Another viewpoint is, whether, if it is not allowed, it will have the effect of proving rather a stumbling block.

Mr. CARREL. I believe lack of proper attention to the opportunity now presented will have a very bad effect.

Mr. SISSON. The farther south you go the more business is done upon the basis of sentiment. You have made an estimate here of $25,000 for a site. How do you arrive at that, or what information have you as to the cost of a site? You must have had some guide in making the estimate.

Mr. CARR. As we explained a moment ago, we had no data in regard to this exposition upon which to compile those figures. They are conjectural.

Mr. SISSON. Of course, if you start off with the idea that you will pay the Brazilian Government or somebody down there $25,000, they will be ready to take it, because I presume that those people down there have business sense. Unless you have some information or some knowledge that they are going to want an enormous sum like that for the rent of property we ought not to figure on that. We might find out from the ambassador here or from somebody who represents that Government what their plans are going to be.

Mr. CARR. If you will notice, we have asked for this appropriation in lump sum, and we do not propose to do anything in the way of obligating expenditure until we get all the facts. We do not propose to begin spending the money until we know what we are spending it for and that we are spending it economically.

Mr. SISSON. If you are going in for an exposition, we ought to save all the money possible on these overhead charges.

Mr. CARR. Yes, sir.

Mr. SISSON. So as to make the best possible showing.

Mr. CARR. The effort, of course, should be made to get the best possible exhibit, and if there is any economizing to be done, we should economize on things that do not enter into the exhibit.

BUILDING SITE.

Mr. SISSON. If you gentlemen have any information or intimation about the site, I should like to know it. Like the chairman, I was very much surprised when I found that you had an item of $25,000 for a site.

Mr. CARR. We do not know about that yet, but we just assumed that it might be necessary.

Mr. CARREL. That provides for the acquisition and preparation of the site. We have heard that some of the sites will have to be leased, and it may be necessary to lease a part of the site. We do know that the ground is being prepared for the exposition and that on some of the exposition site there are a lot of squalid huts; a large amount of excavation work will have to be done and the site leveled off.

Mr. SISSON. I do not think they would be anxious to have us come if they should start out by saying to you, "We want you down here, but you will have to rent your space here on these grounds." I do not believe that was ever done at any exposition. I may be entirely in error about that, but I do not think so.

The CHAIRMAN. Would it be possible to avoid that feature of it?

Mr. CARR. If it is possible to avoid it, it will be avoided, because we have no desire to spend money for a site.

Mr. BYRNS. I take it that if Great Britain is given a site and the other Governments are given sites, a site will be given to this Government?

Mr. CARR. I have no doubt of it.

Mr. BYRNS. We would insist upon having the same treatment?

Mr. CARR. Yes, sir.

Mr. SISSON. So far as I am concerned, I want to voice my protest against going down there if the Government that invites us to participate in the exposition charges us for the space on which to place the exhibit.

The CHAIRMAN. I feel as you do about that.

Mr. CARR. On the other hand, I take it that if Congress should appropriate money for this exposition it would insist upon going in upon the same terms as other Governments.

Mr. SISSON. There is no objection to that, except this, that I would not want to go into any sort of affair where it would look too much like trying to make money out of us instead of making friends out of us.

Mr. CARR. There was one point I was interested in submitting, and at is that there are only nine months in which to get under way with e exhibit down there.

Mr. SISSON. You think you will need it all as one lump sum?

Mr. CARR. Yes, sir; we ought to know what amount is to be given so as to know how to make our plans. Otherwise, we would have go ahead entirely in the dark.

WEDNESDAY, NOVEMBER 16, 1921.

BOARD OF MEDIATION AND CONCILIATION.

STATEMENT OF JUDGE W. L. CHAMBERS, COMMISSIONER OF MEDIATION AND CONCILIATION.

The CHAIRMAN. Judge Chambers, we had the item in this bill nich relates to the Board of Mediation and Conciliation up for conleration a few days ago, and in view of the fact that on the 4th of arch, 1921, there was no appropriation made, it was understood at by reason of the failure of Congress to act, the Board of Mediaon and Conciliation would close up its affairs, although, of course, realize that the law has not been repealed. We would like very ich to get such information as you may be able to give us as to what tivities have been conducted since the Congress has failed to apopriate, and what obligations, if any, exist.

Judge CHAMBERS. Anticipating that that would probably be the intion or was the intention of Congress in not making the appropriion, and as soon as that fact became known to us, we arranged r a call on the President. I have the correspondence with me showg that. The President invited us on some day in April to confer th him. Judge Knapp, who is chairman of the board, Mr. Kluttz d myself, the other two members of the board, called at that time, d the President himself set another date at that conference about week off when he wanted to go further into the subject. At that ne the whole situation was disclosed to him and he was more or less miliar, having been a Senator, with the law and the work of the ard; but he said he wanted to inquire more thoroughly into it, as did not know what railroad legislation might be enacted by Coness, and that we should go on awaiting further orders from him. is board, as you know, is an independent institution, and reports rectly to the President and is subject to his orders. We did that. e had only one case on at that time—the Atlanta, Birmingham & lantic case—and my assistant went immediately back down there see if he could assist in the settlement of that controversy. You ll recall, perhaps, if you are at all familiar with the history of that se, that the United States Railway Labor Board declined to enter-n their petition, because they had not complied with some of the rulations of that board which had to be performed before they uld take up the case. Then the employees requested action from our ard. Receivership followed on the road, and the courts took possesn of the operation.

Judge Knapp and I together called on the President the second ne, Mr. Kluttz being in Georgia, and he asked us to continue. I ld him I had a professional proposal to me which I wanted to be

able to answer as early as I could, and he said he hoped I would not leave the service at that time. Then the matter went on until after July 1, and on the 27th of July the board held a meeting and addressed to the President this letter, to which we received this reply from the President, in which the President practically asked us to withdraw that letter, or, rather, to write him another letter leaving out of it the resignations or any suggestions of resignations, and went on to state some personal views of his about the matter, and twice since then, as other correspondence here will show. I addressed the President to know what his further orders were. The President then asked me to present the matter to the Budget Director, which we did, and I have here the letter which I wrote to Mr. Dawes, and as I knew him personally I called on him, and he made the estimate that is before you now, as he informed us, and it has come to you, I believe, with the approval of the President.

The CHAIRMAN. The thought, I am sure, which Congress had in mind when it failed to appropriate was that in view of the creation of the Railway Labor Board, which virtually took over all the activities of the Board of Mediation and Conciliation, although not in the same form, of course, there should not be two boards doing substantially the same work.

Judge CHAMBERS. You will recall, however, Mr. Chairman, that that question was debated on the floor of the House, and they declined to interfere with the law itself, which left the law in existence, and we have not taken a step in this matter except by direction of the President.

The CHAIRMAN. Your idea is that if this appropriation which is suggested should be made, that that would enable the board to clear up all the work it has on hand.

Judge CHAMBERS. Yes, sir; and I think we could do it in two weeks' time, because we have gone on with the idea that this was going to occur.

The CHAIRMAN. And you think it is advisable to do that and close up the affairs of the board in an orderly way.

Judge CHAMBERS. It is certainly advisable to do that. I am not going to be with the board after this part of the work is done, but my own personal view after seven or eight years' experience in this work is that it is the best law we ever had on the subject, and that an appropriation of $25,000 for the year is the thing that Congress really ought to do. I so told the President, and he agreed to it. Whether he would appoint a successor to me or not is a matter, of course, I did not discuss with him.

Mr. ANTHONY. How long have you been on the board, Judge?

Judge CHAMBERS. Since its organization, and the law makes the commissioner a member of the board. There are two other members to be appointed by the President.

Mr. ANTHONY. In what year was the board organized?

Judge CHAMBERS. 1913.

Mr. ANTHONY. What State are you from, Judge?

Judge CHAMBERS. Alabama; but I have lived in Washington since 1895 except the four years I was chief justice of the International Court in Samoa, and I was abroad those years.

The CHAIRMAN. How did the Board of Mediation and Conciliation arrive at this figure of $8,000?

Judge CHAMBERS. Well, it will not take $8,000 now.

The CHAIRMAN. How much will it take?

Judge CHAMBERS. It will take $1,350 less than that, certainly, if 'e wind up by the 1st of December.

The CHAIRMMAN. I had figured out that it would take about 1,750 less.

Judge CHAMBERS. No; it will take about $1,350 less than that. I eckon you included rent in your estimate, which would make it just bout that amount. We are paying no rent now because we are in ne of the temporary buildings of the Government. According to ıy calculation it would take less than $7,000 of the $8,000 to wind up ıe matters now.

The CHAIRMAN. I figured it would take about $6,250.

Judge CHAMBERS. It will take a little more than it otherwise would ecause the amount that still remains to the credit of the disbursing fficer—and we have no disbursing officer—goes back into the Treasry. We turned in $18,000.

The CHAIRMAN. According to your view, $6,650 would cover all ıe obligations up to the 1st of December?

Judge CHAMBERS. I would have to make some calculation to anwer that. We might not be able to wind up on the 1st day of December or on the 2d day of December, but we won't go a day beond what is necessary. We are now turning over to the Department f Justice by degrees this matter, and it is an enormous job, because verything that the Government possessed in all of its departments earing on this subject is now in our rooms, and when I took the ıbject up with the Attorney General he asked me if I would have ıade a catalogue, and it will practically be a book as large as this ne [indicating], being a catalogue of everything we have on the subct. It will be a very valuable asset to the Government, and we are nding in not only the documents but this inventory. I said it ould probably take us a few weeks to complete the work; it may ıke a little longer, but we are not going to spend a dollar of the 8,000 that is not necessary. My calculation is that it will take some nount between $6,500 and $7,000.

The CHAIRMAN. According to the last statement you made, as I gure it, it will take $6,650.

Judge CHAMBERS. Yes, sir; it will take something like that.

WEDNESDAY, NOVEMBER 16, 1921.

COMMISSIONERS OF CONCILIATION.

TATEMENT OF MR. HUGH L. KERWIN, DIRECTOR OF CONCILIATION, AND MR. GEORGE W. LOVE, DISBURSING OFFICER—Additional.

RAILROAD AND TELEGRAPH EXPENSES OF NATIONAL RAILROAD LABOR BOARD.

The CHAIRMAN. You were here some time ago, but I think one em was overlooked.

Mr. KERWIN. Yes, sir.

The CHAIRMAN. It appears there is a deficiency of $2,50[illegible] ar 1920 in connection with the activities of the comm[illegible] nciliation.

Mr. KERWIN. Yes, sir.

The CHAIRMAN. Can you tell us how that occurred?

Mr. KERWIN. Yes, sir. If you will remember, the National Railroad Labor Board, which was presided over by joint chairmen, Hon. William H. Taft and Mr. Frank P. Walsh—their services terminated along late in August and the unfinished business was turned over to us, and that necessitated, for the time being, closing up their business and fiscal affairs and taking over 13 of their employees for one month. There was occasionally considerable transportation. We tried to get that all in at the time and supposed that we did have it, but along late in the fiscal year 1921 the railroads sent in some transportation bills in connection with the service.

The CHAIRMAN. What transportation?

Mr. LOVE. There are in my office $1,700 of railroad and $800 of telegraph bills.

The CHAIRMAN. Would there have been money enough in the appropriation if the bills had been sent in before the appropriation lapsed?

Mr. KERWIN. No; I do not think there would have been.

The CHAIRMAN. Was the appropriation exceeded?

Mr. KERWIN. We tried always to leave three or four thousand dollars for unpaid bills, but this avalanche came down and left a deficit of $2,500. We thought that we were all right; we never dreamed of this deficiency.

The CHAIRMAN. How soon did they come in?

Mr. LOVE. They have been in the office approximately eight months.

The CHAIRMAN. Why should they not have been estimated for, or could they have been estimated for in the regular appropriation?

Mr. KERWIN. This was in the nature of an aftermath of the war.

The CHAIRMAN. Have those bills been audited?

Mr. LOVE. Yes, sir; I have audited them, and they are ready.

The CHAIRMAN. You are sure that they are all right?

Mr. LOVE. Yes, sir.

The CHAIRMAN. This obligation for transportation was created on orders of the department at the time?

Mr. LOVE. Yes, sir; this was all ordered by the commissioners of conciliation.

The CHAIRMAN. $1,700 for transportation and $800 for telegraphing?

Mr. LOVE. Yes, sir.

SATURDAY, NOVEMBER 12, 1921.

COURT OF CLAIMS.

STATEMENT OF MR. J. BRADLEY TANNER, CLERK OF THE COURT.

REPAIRS TO HEATING PLANT, ETC.

The CHAIRMAN. The item in which you are interested appears on page 35, "Court of Claims: Repairs to heating plant, $4,100; painting, $2,500; electrical fixtures, $600; repairs to annex building, $2,500; miscellaneous items, $300; in all, $10,000." Will you be kind enough to explain the necessity for this appropriation?

Mr. TANNER. Starting with the most important item, namely, the heating plant, the present heating plant in the building of the Court of Claims was installed almost 20 years ago. It consists of two high-pressure water-tube boilers, a piping system, and radiators. These boilers, while we have used them for this extended period of time, were never boilers intended for a heating system; they are high-pressure boilers which are primarily intended for power.

The CHAIRMAN. You have to get up steam?

Mr. TANNER. That is the idea exactly. We can get absolutely no heat until we get a high pressure of steam.

Mr. ANTHONY. Why is that?

Mr. TANNER. Because they are high-pressure boilers.

Mr. ANTHONY. I do not see what difference that would make. It does not take 5 pounds of steam to force live steam through the heating plant?

Mr. TANNER. That is so as to an efficient low-pressure boiler plant, but our high-pressure boilers require a high pressure of steam. At the present, however, that question is absolutely immaterial, because the boilers are completely worn out.

The CHAIRMAN. The tubes are gone?

Mr. TANNER. The tubes are gone, the boilers are entirely gone. We have had them 20 years. They have been patched and repatched.

The CHAIRMAN. Do you have an inspection of them?

Mr. TANNER. Yes, sir.

The CHAIRMAN. Every year?

Mr. TANNER. Yes, sir; we have used them just as long as we could possibly use them. Last winter when it became apparent that they could not be further repaired I took up the matter with Mr. Elliott Woods, the Architect of the Capitol, under whose supervision all such repairs have heretofore been made, by specific directions in the appropriation bills. Of course, I had already made a careful survey. Mr. Ward, our custodian of the building, is an expert furnace man himself. He had gone through the matter thoroughly and had obtained estimates. I submitted these estimates, with the matter, to Mr. Elliott Woods. Mr. Woods caused a survey to be made upon his own account, the same as he had always done in matters of this kind before, and he confirmed not only the necessity but the figures, and in connection with these other matters which I will come to later he informed me that he had communicated with the chairman of the Appropriations Committee and had recommended an appropriation of $15,000, but that since the institution of the Budget Bureau it would be necessary for me first to present this matter through the Budget Bureau. So thereupon I took up the matter with the Budget Bureau. I had an interview with Mr. Dawes and Mr. Dawes also had a survey made, being the third survey, and after such survey not only confirmed our figures but increased our figures and recommended $4,100 where our figures were $4,037.50.

The CHAIRMAN. The $4,100 is for the heating plant?

Mr. TANNER. Yes, sir.

The CHAIRMAN. That includes the piping?

Mr. TANNER. Yes, sir.

The CHAIRMAN. And the radiators?

Mr. TANNER. And changes in the radiators.

The CHAIRMAN. Can you use the same radiators under this plan?

Mr. TANNER. We can use practically all of them; we may have to install a few extra ones.

The CHAIRMAN. It will be a hot-water plant?

Mr. TANNER. We propose to install a vacuum plant so that in the intermediate seasons, like the spring and fall, we can obtain sufficient heat with merely the vapor without getting up a fire and using so much coal.

The CHAIRMAN. A vacuum plant, I think you will find, will be more expensive to operate than a steam plant would be.

Mr. TANNER. If you will pardon me, the plant we propose to install is a vacuum plant which can be used either in the form of vacuum or steam plant. We can get just enough fire to allow the vapor to arise in the pipes, which will create sufficient heat to carry us through the intermediate seasons, and then, as the cold weather approaches, we can get up steam which will carry us through the cold weather. We have made a very careful calculation and I figure that, with the installation of this new heating plant, we can cut down our coal bills at least 33⅓ per cent. We can save the price of this new plant in about five or six years and it ought to last 20 years.

The CHAIRMAN. How long will it take to install this plant?

Mr. TANNER. As I have already said, I took up the matter early in the spring, but the matter dragged along, not through anybody's fault, so that while at the present time we can only put in the boilers and connect them up with the old pipes, in the spring we can put in the new piping.

The CHAIRMAN. You can not utilize the old pipe system?

Mr. TANNER. A portion of it; but a large part of the old piping system is disintegrated, and especially that which is underground.

The CHAIRMAN. You think there is no chance to get along without this heating plant?

Mr. TANNER. We have reached our limit, sir.

Mr. KELLEY. How long will it take to install the boilers?

Mr. TANNER. About two weeks. We can get them up in time and leave the rearrangement of the piping until next spring.

The CHAIRMAN. If you can leave the rearrangement of the piping until next spring, can not this go for one winter?

Mr. TANNER. No, sir. The present arrangement of the piping is uneconomical, and by the rearrangement we can get much better results. Our coal bill is the largest item of our very small contingent fund.

COST OF COAL.

The CHAIRMAN. What is the coal worth?

Mr. TANNER. We are compelled to pay whatever the Bureau of Mines charges. It is averaging us at the present about $8.30 a ton.

The CHAIRMAN. What kind of coal?

Mr. TANNER. We use a fine bituminous coal.

The CHAIRMAN. And you pay $8.30 a ton?

Mr. TANNER. Yes, sir.

The CHAIRMAN. They tell us that the Smithsonian Institution only pays $7 and a fraction a ton.

Mr. TANNER. All I know is that the law requires us to purchase l fuel from the Bureau of Mines, and that is the charge. They ake all arrangements for heating the Government buildings.

The CHAIRMAN. They operate the fuel yard here?

Mr. TANNER. Yes, sir. That $8.30 also includes a certain amount r storage of the fuel, because we have no place where we can store large amount.

The CHAIRMAN. The Smithsonian Institution buys its coal from e same yard and I should like to know why they charge one branch the service $8.30 and another branch of the service $7 and someing. Can you find out?

Mr. TANNER. I will certainly endeavor to. It is a matter of the most importance to me.

The CHAIRMAN. And please put that in the record?

Mr. TANNER. Yes, sir.

Mr. KELLEY. Does the $8.30 include delivery?

Mr. TANNER. Yes, sir; that includes everything until we get the al in our cellar.

The CHAIRMAN. Both deliveries are alike?

Mr. TANNER. I do not about that.

Upon inquiry at the Bureau of Mines I am informed that the difrence in cost per ton paid by the Court of Claims and the Smithnian Institution arises from the fact that the Smithsonian Instition is heated from the central heating plant of the National useum, which heating plant is a large one equipped with a modern, onomical heating apparatus, which is automatically and mechanilly fed, thereby permitting the use of a cheaper grade of coal. e heating plants in most of the departments, as I am informed, and the Court of Claims, which latter is a comparatively small plant, ve to be fed with fuel by hand and the lowest grade of coal that be used is that known as "run of the mine," which, as I have eady stated, is costing us at present $8.30 per ton, incluling stowe. The heating plant of the National Museum is what is known as "stoker" plant, which can be run with the grade of coal known "stoker" or "nut and slack" coal, which is almost the lowest ade of coal, and which, I am informed by the Bureau of Mines, being supplied by it to the National Museum at present at $7.47 r ton, exclusive of stowage. The stowage would be about 35 or 40 its a ton, which would make the total cost of the "nut and slack" l about $7.87 per ton.

As I have said, the Court of Claims occupies the building which s originally erected and was occupied for a great many years by Corcoran Art Gallery. It is a building which when built was ally unadapted to the uses of a court, and during the 30 years of court's occupancy of the building we have been endeavoring to pt it to the proper uses of the court. It consisted originally of eedingly large rooms, with tremendously high ceilings, from 40 55 feet, and we have been compelled to put in partitions, to change titions, and to do all the things that are necessary to make lding of that character conform to the uses of a cou n a very difficult undertaking, because we have had t eedingly small appropriations made from time to ti e done it little by little. We have not yet completed

REPAINTING OF WALLS.

The CHAIRMAN. What are you going to do with the $2,500 for painting?

Mr. TANNER. That, in the first place, is for the repainting of the walls of our courtroom, which now look considerably as if they had the smallpox.

The CHAIRMAN. How long since the walls were painted?

Mr. TANNER. Twelve years ago. It is also necessary to repaint the conference room and to repaint certain portions of the hallways. Our original estimate for painting to cover the entire building, a large portion of which has never been painted since the court has been there, which is a period of 30 years, and which at present is so dirty and so filthy and so dusty that it is not fit for human occupancy, was $7,000.

Mr. ANTHONY. Outside or inside?

Mr. TANNER. Inside. That was included in a request made to Congress last winter by Mr. Woods, but Congress denied the request and gave us a little money to make absolutely necessary repairs upon the outside of the building.

The CHAIRMAN. It looks very well on the outside?

Mr. TANNER. Yes, sir; if it were not for the fact that the brownstone ornamentation has disintegrated.

The CHAIRMAN. It looks very well. You have to have $2,500 to do some painting that has not been done for 12 years?

Mr. TANNER. Yes, sir.

ELECTRICAL FIXTURES.

The CHAIRMAN. Electrical fixtures, $600. What is the purpose of that?

Mr. TANNER. I am going to do this: I am going to substitute for an indirect and expensive system of lighting, which has been in that building for a great many years——

The CHAIRMAN (interposing). Inverted lighting?

Mr. TANNER. Yes, sir; up behind the cornice. There are about 400 bulbs back of the cornice in the court room and so we utilize 400 bulbs and do not get enough light for one to read or see by. The same situation exists in the rooms of the justices of the court and in various other portions.

The CHAIRMAN. What do you propose to do?

Mr. TANNER. I am going to get from Mr. Woods, the Architect of the Capitol, about 13 or 14 chandeliers which will contain about 8 or 10 bulbs each.

The CHAIRMAN. He has them in storage?

Mr. TANNER. He has them in stock and has consented to let me have them. I have already proved the efficiency of that arrangement by installing the same kind of a chandelier in my own rooms and in one or two other rooms.

The CHAIRMAN. How much more of an economy will it be?

Mr. TANNER. I figure that we will save about 20 per cent on the lighting, or maybe more.

The CHAIRMAN. Do you know how much it is costing you now?

Mr. TANNER. I have not the figures at hand just at present, but I ink our lighting bills will run about $50 a month.

The CHAIRMAN. If you will save 20 per cent on that amount, it ›uld mean $10 a month?

Mr. TANNER. Yes, sir; and we would have the lighting.

The CHAIRMAN. A saving of $10 a month would mean $120 a year, d that would be good interest on $600. I am rather inclined to see at you get it.

Mr. TANNER. And more important than that, we would have good ;hting.

Mr. ANTHONY. When Judge Hay was in Congress he used to be mething of an economist. Does he approve of these?

Mr. TANNER. He most certainly does, and not only Judge Hay but ery one of our judges. Judge Booth is particularly interested, and went over to the Bureau of the Budget; he saw Mr. Abbott, the sistant director, about the matter, and the result of all these inter- ›ws has been this recommendation on the part of the Bureau of › Budget.

REPAIRS TO ANNEX BUILDING.

The CHAIRMAN. The next item is repairs to annex building. What the annex building?

Mr. TANNER. The annex building is a 2-story building that stands the rear of the main structure of the Court of Claims.

The CHAIRMAN. Is that where they have their automobiles?

Mr. TANNER. Oh, only a small portion is used in that way; there › a couple of automobiles of the judges that are kept in one small l of the annex, but the annex is occupied principally by ot of records of the Department of Justice. The court itself has ıctically nothing of importance in the annex. It has been very ch damaged in the last two or three years by the fact that it is weatherproof.

The CHAIRMAN. Is it made of wood?

Mr. TANNER. No, sir; it is not made of wood; it is made of brick.

Mr. ANTHONY. Where is the annex? Is it next door?

Mr. TANNER. It is just north of the rear; it is practically a sepa- › building, and yet it is a part of the building itself, in a way.

Mr. ANTHONY. Is it used by the Government at all?

Mr. TANNER. Oh, yes, sir; it is entirely used by the Government.

The CHAIRMAN. What is the purpose of this expenditure?

Mr. TANNER. The purpose of this expenditure is to repair the ks, to weatherproof the walls, and to replaster the places where plaster has fallen off because of the leaks.

The CHAIRMAN. How long has it been in that condition?

Mr. TANNER. Well, we have done with that just as we have done h everything else connected with the Court of Claims; we have ched it and done our best to keep it going, but we can not keep oing any further.

The CHAIRMAN. What is the nature of all these records that are t there?

Mr. TANNER. They are largely books belonging to the Departme- Justice and some considerable number of papers, the exact natu- which I am not familiar with.

Mr. BYRNS. Does anybody ever examine them or use them?

Mr. TANNER. Oh, yes, sir; they are useful and some of them valuable.

The CHAIRMAN. Would it not be better to tear it down? You could do that for less than $2,500.

Mr. TANNER. Well, sir, then there would have to be rent paid somewhere else for the contents.

Mr. KELLEY. You say the books belong to the Department of Justice?

Mr. TANNER. Yes, sir; they do.

Mr. KELLEY. Possibly they might remove them to some of their quarters.

Mr. TANNER. We have been endeavoring to segregate ourselves from the Department of Justice for a great many years.

Mr. ANTHONY. Are any of the records of the court in the annex building?

Mr. TANNER. We have some in there, but the greater part of the contents of the annex belongs to the Department of Justice.

The CHAIRMAN. Is there any room in the basement for these records?

Mr. TANNER. No, sir; the basement is occupied by our furnace room, by our coal storage, and the portion which is available for records at all is occupied by the records of the Auditor of the Treasury for the War Department.

The CHAIRMAN. Then it is filled up?

Mr. TANNER. Yes; it is entirely filled up.

The CHAIRMAN. Why would it not be possible to tear this section of the building down and give a little more breathing space?

Mr. TANNER. Of course, it would be possible to tear it down, but it would be inadvisable.

MISCELLANEOUS ITEM.

The CHAIRMAN. That is what I mean, but maybe I did not use the right words. What about this miscellaneous item of $300? What is that for?

Mr. TANNER. I think there must be some mistake about that, Mr. Chairman.

The CHAIRMAN. Well, we will cut it out.

Mr. TANNER. No, sir; I think you are looking at some other department.

The CHAIRMAN. No; I am looking at this miscellaneous item of $300, and if it is a mistake we will cut it out right now.

Mr. TANNER. For the first time I have to-day seen the form in which the Bureau of the Budget has offered these estimates to this committee. My own estimates originally footed up $14,012, and some time we have got to have that balance.

The CHAIRMAN. So the budget really did save something?

Mr. TANNER. No, sir; the budget has not saved a dollar. The budget says in its own recommendation that it has found that the balance can be postponed.

The CHAIRMAN. That is equivalent to saying it is not needed.

Mr. TANNER. If you will pardon me, it is entirely different. There re a great many things which are needed in our court, and needed bsolutely and badly, which are postponed.

The CHAIRMAN. What about the $300 item which is before us?

Mr. TANNER. It is included in that $10,000. They say we must ave at least $10,000.

The CHAIRMAN. But I am asking what the $300 refers to, because ıat is the only thing before us.

Mr. ANTHONY. That has been substituted by the budget to cover a ıultitude of things.

Mr. TANNER. No, sir; I will tell you how that arises. The budget ıs increased our estimate for the heating plant from $4,037.50 to 4,100.

Mr. ANTHONY. That recommendation was made after their survey?

Mr. TANNER. Yes, sir. It has increased the amount for installation f electric fixtures from $550 to $600; it has increased the repairs to ıe annex from $2,425 to $2,500, and has reduced the painting by ›me four thousand and some odd dollars, which leaves that differıce of $300, which they have put in the miscellaneous item.

The CHAIRMAN. Well, we will cut that out.

Mr. TANNER. Pardon me, Mr. Chairman, although the Bureau of e Budget calls that a miscellaneous item, I have given you the exact ›ms here, and we need that $300.

The CHAIRMAN. What are you going to do with it?

Mr. TANNER. We are going to expend it on the painting, the heatg plant, the annex, and the electric fixtures. I do not care how the ıdget makes up its total; we need $10,000, and, as a matter of fact, e need what Mr. Elliott Woods recommended, $15,000, but we cerinly need that $10,000.

Mr. BYRNS. I may have misunderstood you, but I thought you said e budget had really increased your own estimates.

Mr. TANNER. Not a bit of it; it has reduced our estimate $4,012.50.

Mr. BYRNS. They increased your item for the heating plant, did ›y not?

Mr. TANNER. Yes, sir.

Mr. BYRNS. Then, for the painting I thought you said they recom›nded an increased amount.

Mr. TANNER. No; they reduced our painting item about $4,500.

Mr. BYRNS. But did increase the electric fixtures?

Mr. TANNER. Yes, sir.

Mr. ANTHONY. That $300 would just give you a little contingent ıd?

Mr. TANNER. No, sir; it will not give us a contingent fund. The lget item of $10,000 is far below what we need; if we do not get t $10,000 or if you take away that $300 we are going to be cramped t that much.

The CHAIRMAN. Your idea was, as I understand it, that we put all these items into one sum and then let you save what you can on › item and pay a little more on some other item?

Mr. TANNER. I can answer that best by the suggestion that was de by the Architect of the Capitol. He says:

wing to the fact that it will cost approximately as much to repair the ting system, to make it serviceable for the next winter, as it will to pro ew system, I suggest that this particular item is very urgent, and tha ropriation of $15,000 be made.

I can not put it any stronger.

The CHAIRMAN. I do not see how you can come here and ask for more than the estimate.

Mr. TANNER. I am not asking for that; I am asking for the $10,000, but also asking you not to cut out the $300.

The CHAIRMAN. See whether this would suit your purposes if we were to do it in this way: Repairs to heating plant, painting, electrical fixtures, repairs to annex, and miscellaneous items, $10,000. Would that fit your case better?

Mr. TANNER. It certainly would, sir.

The CHAIRMAN. That would give you a leeway to take less for your heating plant, more for your painting, less for your annex, and more for other things?

Mr. TANNER. Yes, sir; that is the idea. If I might also go so far as to make a suggestion, the Architect of the Capitol during all of the years of the occupancy of this building by the Court of Claims has made all repairs of this kind; he is thoroughly familiar with the situation there; he has in his own files a record of what has been done and what is necessary to be done, and he could expend this money more economically than any other man. If this bill could contain a provision similar to the provision contained in previous bills it would insure the accomplishment of the work in the quickest, most efficient, and most economical manner.

The CHAIRMAN. You mean to be expended under the supervision of the Architect of the Capitol?

Mr. TANNER. Exactly, sir.

The CHAIRMAN. That is all, and we are much obliged to you. You have made a good statement and we appreciate your coming.

Mr. TANNER. I am very much obliged to you, gentlemen, for the courtesies shown to me.

SATURDAY, NOVEMBER 12, 1921.

GOVERNMENT PRINTING OFFICE.

STATEMENT OF MR. GEORGE H. CARTER, PUBLIC PRINTER.

LEAVES OF ABSENCE.

The CHAIRMAN. Will you be kind enough to tell us why you need $17,618 as a deficiency in the item for leaves of absence?

Mr. CARTER. The amount appropriated for leaves of absence for the fiscal year 1922 was $560,000. Up to the 14th of October the office had expended $274,164.07, and in addition the office is obligated to pay for leaves of absence earned by employees during the prior fiscal year the sum of $293,935.30. It is estimated that on account of deaths and separations from the service during the remainder of the year $9,500 more will be required, which makes the total for the year $577,618. The deficiency asked for covers the difference between the amount appropriated, $560,000, and the sum required as I have stated, $17,618.

The CHAIRMAN. Is there no way by which you can control this?
Mr. CARTER. No, sir; leaves of absence are fixed by law. The em-oyees earn their leave which accrues to their credit from year to ar.
The CHAIRMAN. It is a matter over which you have no control all?
Mr. CARTER. The office has absolutely no control over it.
The CHAIRMAN. It is statutory and depends upon the number of ople you have in the service and the deaths and the separations?
Mr. CARTER. Yes, sir.
The CHAIRMAN. We have another item here.
Mr. CARTER. Before you come to that, may I state that we expect ere will be a further deficiency in the leaves of absence appropria-on, due to a prospective decrease in the force. In other words, if e should reduce the force 5 per cent to-morrow, the discharged ployees would at once be entitled to payment for the leaves that ve accrued to them this year.
The CHAIRMAN. Accumulated leaves of absence?
Mr. CARTER. Yes, sir; the leaves payable on account of a 5 per nt reduction in the force would amount to $14,590 more.
The CHAIRMAN. But you would not know about that until you ow what you will do with the force?
Mr. CARTER. No, sir; but we have in mind a necessary reduction the force on account of a slacking up of the work in certain divi-ons of the office.
The CHAIRMAN. Of course, if you can save a lot of money through reduction of the force, it would be well.
Mr. ANTHONY. Do all of these employees get the 30 days' annual ve?
Mr. CARTER. Yes, sir.
Mr. ANTHONY. Is it compulsory that you give all of it to them, or it optional?
Mr. CARTER. The law provides that "not exceeding 30 days" leave all be granted to employees of the Government Printing Office, d the appropriation act has been construed as requiring the Public inter to grant such leave to the work forces.
Mr. ANTHONY. In some departments of the Government they con-ue that to mean that where the leave can be granted without injury the service it shall be done; but it is not always granted, and I was ndering whether the same rule prevailed in the Government Print-g Office and whether you granted all of them leave.
Mr. CARTER. The statute is definite on the subject.
The CHAIRMAN. I think that is sick leave, possibly.
Mr. CARTER. We have no sick leave in the Government Printing fice. The employees earn their leave and it accrues to their credit nually. If an employee should die during the year, the leave to ich he was entitled would go to the benefit of his estate. It is an solute legal right.
Mr. ANTHONY. That is one advantage that the Government em-yee here in Washington has over employees located outside of ashington. I know that the leaves are not granted [illegible]

POST OFFICE DEPARTMENT PRINTING.

The CHAIRMAN. A few days ago the Post Office Department was in here urging an appropriation of $150,000 for printing and binding for the Post Office Department, and I got the impression from what was said that although this appropriation is made for the Post Office Department it is placed to the credit of the Public Printer, and that from that appropriation the Public Printer performs the necessary work for the Post Office Department. The Post Office Department's representatives, if I remember what he said, left the impression with the committee that if the Public Printer, instead of charging up requisitions as goods delivered, would make his bills when the goods were delivered like any other business house would do they would not need this appropriation, and that the only reason why this appropriation was requested was that they now have requisitions for printing which may run six months in advance of their present needs; that at the present time they have on hand, or rather in the hands of the Public Printer, requisitions for probably $450,000 worth of printing, whereas their needs would not exceed $300,000—that is to say, there would not be deliveries made of more than $300,000 worth and that only $131,000 worth of work already requisitioned has been billed, while work to the amount of $266,000 has not been billed, yet it is charged up against them.

Now, the thing I have in mind is that the practice of the Public Printer is not the practice that would be indulged in by any business house in the country; that your practice is on the theory that the institution for which the printing is to be done has no credit, and that you insist upon having payment made in advance. It is as though the order were received from a man who is bankrupt, in which case you would not fill the order unless the money was paid when the order was given. Now, it seems to me that if you construe this law, as I would construe it—that is, that the Post Office Department owes you only for work you have done and delivered, instead of for requisitions filed, we would not be called upon to make this deficiency appropriation.

Mr. CARTER. Our only working capital is in the appropriations you allot to the departments and to Congress. We have no operating fund whatever, such as has a business house.

The CHAIRMAN. I understand, but if you were in any business in the world, you would not charge a concern up when it gave you an order with the amount of the order and demand payment in advance, but that is what you are doing here.

Mr. CARTER. I do not quite construe it that way. The appropriation made to the Printing Office is allotted to the departments. We have no control over it, except as the departments may order against the credit that they have with the Government Printing Office.

The CHAIRMAN. But you are charging them for printing that you have not done. You are charging them as soon as they file their order or requisition for the printing.

Mr. CARTER. Section 90 of the printing act of 1895 requires that when a department wants printing done it shall obtain an estimate from the Public Printer of the cost, and that this amount shall be charged against the department.

The CHAIRMAN. Against the appropriation, but not when the order is filed, or I would not take it to mean that.

Mr. CARTER. Section 90 of the act of 1895 provides:

When any department, the Supreme Court, the Court of Claims, or the Library of Congress shall require printing or binding to be done, it shall be on certificate that such work be necessary for the public service; whereupon the Public Printer shall furnish an estimate of the cost by the principal items for such printing or binding so called for, after which requisitions shall be made upon him therefor by the head of such department * * * and the Public Printer shall place the cost thereof to the debit of such department in its annual appropriation for printing and binding.

The CHAIRMAN. That is what they claim makes it necessary for them to have this extra appropriation. This law was not intended to make it cost more, but it was intended to make it cost less, and I think if this appropriation is properly construed the deficiency will not be required. I will read the provision of law:

Not more than an allotment of one-half of the sum hereby appropriated for the public printing and for the public binding shall be expended in the first two quarters of the fiscal year, and no more than one-fourth thereof may be expended in either of the last two quarters of the fiscal year, except that, in addition thereto, in either of said last quarters the unexpended balances of allotments for preceding quarters may be expended; and no department or Government establishment shall consume in any such period a greater percentage of its allotment than can lawfully be expended during the same period of the whole appropriation.

Now, the Post Office Department has made an allotment, but you do not adhere to the allotment made. While the department made an allotment with a view to keeping within the law, they have also made requisitions which would cost $150,000 more if the work were all completed within the fiscal year, but they say that it will not be completed and that it will be after the end of the fiscal year before this work will be billed to them. Inasmuch as there is to be an appropriation in the regular annual bill, the consideration of which begins sometime next month, it would seem to the committee that if this law were construed as a business proposition or as any business concern would construe it, namely, that charges should be made for work done instead of for orders given, they would not need this money at all, because the payment would be provided for in the regular annual bill. Now, why should we provide for orders given instead of for work done?

Mr. CARTER. The situation, as I understand it, then, is this: You contend that the printing office should accept orders from the Post Office Department for, say $500,000 worth of work, the only restriction being that we shall not complete or charge up against them more than $300,000 in the first six months.

The CHAIRMAN. If you have not delivered more than $300,000 worth, you should not charge them with any more. The mere fact that you have the order ought not to justify you in making the charge against them.

Mr. CARTER. If the department should place an order with us for $500,000 worth of work, it is a mechanical impossiblity for us to tell exactly how much of it may be completed at the end of six months.

The CHAIRMAN. But you would know what you had done at the end of six months?

Mr. CARTER. Suppose the office should accept orders for $500,000 worth of work and then find at the end of the first six months that

we had done $400,000 worth of work, notwithstanding the limitation for that period is $300,000, then we would have violated the law.

The CHAIRMAN. Every time you make a delivery of work you bill it?

Mr. CARTER. Yes, sir; just the same as any business house.

The CHAIRMAN. If any business house took an order and billed it out every 30 days, they would know at the end of each 30-day period how much they had billed out, and they would know how much they could bill out under restrictions like these. It seems to me that it would be just as easy for you to know that as for any business house in the world to know it. It is not because you have not help enough.

Mr. CARTER. We have some 85,000 jobs to handle every year.

The CHAIRMAN. The more jobs you have the more assistance you have, and therefore the easier it should be to ascertain what you have been getting out. It is the man with one job who has difficulty, because he has not the help.

Mr. CARTER. If you required that, we would have to increase our cost-accounting force fourfold.

The CHAIRMAN. This would not increase your cost-accounting work, but this would simply be a matter of accounting.

Mr. CARTER. We are charged by law to see that the bills rendered do not exceed the cost of the work done.

The CHAIRMAN. This is not a matter of cost accounting, but it is simply a record of what is done.

Mr. CARTER. The office keeps that every day.

The CHAIRMAN. If you have, you ought not to have any difficulty in complying with this situation.

Mr. CARTER. Here is the situation as to the Post Office Department: Up to November 10 the Public Printer had charged up against that department $152,576.77, and had outstanding estimates for $146,432.66, which would total $299,009.43. This leaves a balance available to the Post Office Department up to the 1st of January of only $999.57.

The CHAIRMAN. But you have estimates or requisitions for $152,000 worth of work, where you have not finished the work?

Mr. CARTER. The office has finished $152,000 of work, and that has been billed. We do not bill work until it is completed, but the estimates are charged against the allotments. It is just the same as though you had a bank deposit and checked against it. The check would be charged against your deposit.

The CHAIRMAN. That is a different proposition. You ought to run this business on a business basis and charge for the stuff that goes out, and not for orders that come in. The orders should not be charged against the appropriation as they come in.

Mr. KELLEY. I understood Mr. Carter to say that he has no funds except the funds which the Government appropriates to be used for the various departments.

Mr. CARTER. Yes, sir.

Mr. KELLEY. When you do a piece of work for any department, you have to pay the labor, of course, that actually goes into the work.

Mr. CARTER. That expenditure, of course, is not made in advance of the requisition from a department for a certain job.

Mr. KELLEY. Not for the labor, but I was wondering whether, or ot, there might be a part of the expense, not for the labor, but for ıe material, that you would have to check up against this fund be- ond what might be delivered at the end of a particular period.

The CHAIRMAN. Of course, they must buy their paper.

Mr. KELLEY. Where do they get the money to buy the paper unless ıey charge to each fund the proportionate cost? Of course, the .bor it not paid for until the work is performed, but there are ›rtain other items that must be provided in advance. They must › ahead and get the material and charge that against these funds.

The CHAIRMAN. I do not understand that they buy materials for ıy special jobs.

COST OF PAPER.

Mr. ANTHONY. How do you buy paper—by contract?

Mr. CARTER. Yes, sir.

Mr. ANTHONY. When did you put in this contract?

Mr. CARTER. We place orders, usually——

Mr. ANTHONY (interposing). At what periods of time do you make ıyments?

Mr. CARTER. The office makes payments monthly or as ordered. he paper is not all ordered at one time. For instance, a contract let for 20,000,000 pounds of book paper——

Mr. ANTHONY (interposing). To be paid for monthly upon de- very?

Mr. CARTER. Yes, sir.

Mr. ANTHONY. When did you make your last contract?

Mr. CARTER. On the 1st of September for six months.

Mr. ANTHONY. Of this year?

Mr. CARTER. Yes, sir.

Mr. ANTHONY. How does the price under that contract compare ith the price in the preceding contract?

Mr. CARTER. The prices are from 15 to 25 per cent lower, and in ›me cases more than that.

Mr. ANTHONY. Have you made any investigation to find out hether the Government is getting as advantageous prices as other rge consumers of print paper are?

Mr. CARTER. Yes, sir; we are getting just as good, or even better, ·ices.

Mr. ANTHONY. How much do you pay for print paper?

Mr. CARTER. 4.34 cents, delivered.

Mr. ANTHONY. For standard print paper?

Mr. CARTER. Yes, sir; delivered at the Government Printing Office.

Mr. ANTHONY. That is a higher price than other large consumers ' print paper here in Washington pay, is it not?

Mr. CARTER. No, sir; they are paying, I understand, at least 4 nts at the mill.

Mr. ANTHONY. I did not think they were paying 4.34 cents.

Mr. CARTER. The freight rate and drayage charge is about half a nt a pound from New York mills. Our price is delivered at the overnment Printing Office, which includes freight and drayage.

Mr. KELLEY. When you have a big job for one department, like the ›st Office Department, do you put in an order for the delivery of all e paper that that contract calls for, or for just what you need for a rtain length of time, say for 30 or 60 days?

Mr. CARTER. For a particular job we would put in an order for all of the paper required for that job so as to have a uniform grade. In the case of the Official Postal Guide all the paper was ordered at one time.

The CHAIRMAN. You have in all for the public printing and binding, including the salaries of the necessary force, for the payment of holidays, leaves of absence, etc., the sum of $7,318,700, "and from the said sum printing and binding shall be done by the Public Printer to the amounts following, respectively, namely: For printing and binding for Congress," etc. Then the several departments are enumerated.

Mr. CARTER. Yes, sir.

The CHAIRMAN. You have this general fund out of which to make purchases?

Mr. CARTER. Yes, sir.

The CHAIRMAN. You do not make purchases for any given item of work, but you make purchases generally, do you not?

Mr. CARTER. As a rule purchases are made generally. We buy a stock of paper that can be used by any department or by Congress.

ALLOTMENT OF APPROPRIATIONS.

The CHAIRMAN. Can you tell us how much of this appropriation of $7,318,700 you have already used up?

Mr. CARTER. $2,377,697.83.

The CHAIRMAN. Is that more than the monthly proportion?

Mr. CARTER. That is less than the six months' proportion. I might say that some prior public printers disregarded the limitate which Congress placed on the printing allotments, that not more than half of the amount should be used in the first six months, and that not more than one-fourth in each of the last two quarters of the fiscal year. Heretofore the office has construed another statute to authorize the granting of waivers to suit the convenience of the departments. There is a provision in 34 Statutes, 49, that the appropriations shall be divided into twelfths and that not more than one-twelfth shall be used during any one month, and that no waivers shall be made except in case of extraordinary emergencies or unusual circumstances. This provision, it seems to me, applies to appropriations generally, and not to where Congress, as in the sundry civil bill, has made a specific direction as to how the allotments shall be used.

The sundry civil provision, in my opinion, supersedes the general law as to the division of the appropriations into monthly parts and does away with the granting of waivers. Therefore I felt that it was obligatory upon the office for its own protection to apply the law as it seemed to us Congress intended it to be applied—that is, that the departments could not expend more than half of their printing allotments in the first six months. Under the prior practice of granting waivers, a department in six or nine months could use all of its appropriation and then come to Congress with an actual deficiency.

The CHAIRMAN. Do you regard this restriction as wise or otherwise?

Mr. CARTER. I think it is wise; and if it is properly applied it will hold the departments within the amounts that Congress allotted to

them for printing. In this particular instance the Post Office Department, it seems to me, does not come here with a deficiency at all, but with a plea to Congress for an additional appropriation.

The CHAIRMAN. What do you say about the wisdom of it?

Mr. CARTER. I think the restriction is a wise one; but I do not know what are the requirements of the Post Office Department for additional printing, and would not assume to pass upon that question.

Mr. BYRNS. Assuming that the Post Office Department needed all of the printing that should be done from the first six months' allotment during the first six-months' period, yet if they are not permitted to put in their requisition in the month of December for printing that they expect to need in January, they would be in a rather serious situation on the 1st of January, because you could not possibly get the work to them in time, if they had to wait until then to put in their requisitions.

Mr. CARTER. The way the office is trying to meet that situation in part is this: We are construing the law so as to charge up only the principal items of uncompleted work at the end of the six months' period. We will, of course, also charge up all items of work that we have completed. We have taken that up, not only with the Post Office Department, but with others, asking them to indicate to us what they deem urgent work to proceed with. On that work, we will charge for paper, or composition, binding, or presswork as the case may be. But even that may not permit a department to use the full amount of the first six-months' allotment because it is impossible for us to tell in advance how closely we can come to the $300,000 mark, or when all the work will be completed. Of course, it is impossible for us to finish exactly $300,000 worth of work by a given date or at the end of a fiscal year. Experience shows that at least two-fifths of unfinished work is carried over from one fiscal year to another. Of course, we can not chop the work right off at the end of a year or a month. The requirements for printing are continuous.

The CHAIRMAN. That would be true in this case?

Mr. CARTER. Yes, sir.

The CHAIRMAN. Will they need the $150,000 additional appropriation?

Mr. CARTER. The department will need that sum if it has that much more work to do. I do not know as to that.

The CHAIRMAN. Would you construe the law to authorize the payment out of the next year's appropriation for requisitions that were placed during this year?

Mr. CARTER. No, sir; that could not be done as the law has been applied so far. For instance, last year, although the Post Office Department had requisitions in the office covering its appropriations, we were unable to complete its requisitions within $65,000 of that amount.

The CHAIRMAN. Did that money go back into the Treasury?

Mr. CARTER. Yes, sir; that money goes back into the Treasury. The Post Office Department, on account of work that we were unable to complete, had $100,283 of charges carried over, which had to be paid out of its appropriation for this year, although $65,000 was turned back into the Treasury out of its allotment for last year.

The CHAIRMAN. So that, while they may get an additional appropriation now, because of that construction of the law, it may be necessary for them to have as much money revert to the Treasury. Under your construction of the law, it may well be that at the end of the year they would have more than the amount of this additional appropriation requested, because you would not have completed that amount of work?

Mr. CARTER. The department is almost certain to have some left over, because it is impossible to complete all the work in hand at the end of any fiscal year. There is always a large amount of uncompleted work lapping over into the next year which can not be charged to the year in which it was ordered.

Mr. KELLEY. Mr. Carter says that the money for all undelivered work at the end of the fiscal year for the various departments would have to go back into the Treasury—that is, money that he has already charged up against them for the work.

The CHAIRMAN. That is what I understood him to say.

Mr. KELLEY. That would seem to be a pretty good argument in favor of your contention, Mr. Chairman. Suppose at the end of the year the Post Office Department should have work which they had requisitioned and which was within their allotment, but which you could not deliver by reason of the fact that you did not have time, and suppose those requisitions should amount to $150,000——

Mr. CARTER. Yes, sir.

Mr. KELLEY. Suppose they should amount to $150,000 on the 1st of July; then that $150,000 which you had charged up against them would be turned back into the Treasury and the work would have to be paid for out of the new appropriation?

Mr. CARTER. Yes, sir. I think the remedy for that, if I may suggest it, would be to permit the departments and the Government Printing Office to charge against their annual allotments the full amount of the requisitions for that year, whether the work is actually completed in the fiscal year of the requisition or in the succeeding year. That is the situation as to repay work. A department on the 29th of June, for instance, will send in a requisition for printing to be charged against some fund other than its allotment. We call that repay work.

Mr. KELLEY. They do that in the case of contracts on the outside?

Mr. CARTER. Yes, sir.

Mr. KELLEY. But if that were provided in the case of the departments they would simply requisition all of their balance, and there would never be anything to turn back.

Mr. CARTER. That is true.

Mr. KELLEY. Would they make contracts on the outside with the same freedom that they would requisition from a Government agency?

Mr. CARTER. I think so.

The CHAIRMAN. Would it not be better and more business-like if Congress were to appropriate for the purchase of supplies and the payment of labor to the Public Printer and appropriate to the departments the amounts necessary to do their work, under which they could make requisitions and have monthly bills rendered for work done, and then require them to pay to the Public Printer out of their appropriation the bills which he renders?

Mr. CARTER. Either that course would be preferable to the present n or all printing should be paid for out of a single allotment to credit of the Public Printer for the entire amount that a depart-nt requires for printing.

The CHAIRMAN. That is what is done now?

Mr. CARTER. No. The departments have two sources now from ich they may pay for the printing, either the allotments in the idry civil bill or from various lump-sum appropriations avail-e for printing. I think if you were to make the printing appro-ation direct to the department there would be a lot of useless red e and delay in settling the accounts as we do now in repay work, ereas in the allotment plan there is simply a charge on our books.

The CHAIRMAN. You think it is the simpler way and more eco-nical?

Mr. CARTER. Yes, sir.

ADVANCED PAYMENT FOR REPAY WORK.

The CHAIRMAN. Under the law, now, how much repay work can u require them to check out of their appropriation; what per-ntage as an advanced payment?

Mr. CARTER. Ninety per cent. The office has rarely used that; as I derstand there has been difficulty in transferring the funds in the easury.

The CHAIRMAN. You mean to say that they will not pass them?

Mr. CARTER. The War Department and the Navy Department, par-ularly, under their regulations, have been reluctant heretofore to thorize advance payments unless there is a delivery of work or ertification that the work has been completed to a certain point. ey have objected to furnishing such certificates to the accounting icers as long as the work remains in our hands.

The CHAIRMAN. If that is true, that carries out the theory that suggested to you first, that you construed the law as requiring you complete the work before you demanded pay.

Mr. CARTER. May I ask if it would conform to your idea if we cepted requisitions for work in excess of the six months' portion an allotment?

Mr. KELLEY. So long as deliveries were within the date.

The CHAIRMAN. I do not think it would make any difference what e amount of the requisitions were, so long as you did not deliver ork—you did not deliver more than $100,000 worth, if you want keep within the law, provided you did not accept orders for more an the appropriation for the entire year. That would be within ur jurisdiction to regulate.

Mr. CARTER. Would not that practically nullify this limitation?

The CHAIRMAN. I do not think so.

Mr. CARTER. Suppose that we did accept requisitions from the st Office Department for a full year's work and proceeded with e work, when we found that we were up to the $300,000 limitation r six months would we then have to stop?

The CHAIRMAN. Yes, sir.

Mr. CARTER. The result would be we would have the shop full of incompleted jobs.

The CHAIRMAN. Of course, that is a matter of management that I uld not undertake to determine here.

Mr. KELLEY. Really the purpose of that was to prevent using the appropriation for the whole year during the first part of the year, was it not?

Mr. CARTER. That was my understanding.

Mr. KELLEY. Thereby creating a deficiency for the last part?

Mr. CARTER. Yes, sir. Otherwise a department could proceed to spend in six months all the funds that it had allotted for printing for the entire year.

Mr. KELLEY. It was not contrary to the intent of the law for them to put in requisitions for sufficient printing to last during the first half of the year and provide for the stock which they would use for the second half.

Mr. CARTER. The only economy in handling a job of that sort is when we get the job to get it through as soon as possible. If we get in a big job, charge as much as we can during the first six months and then stop, we are going to have a tremendous amount of suspended work in the office until we can go ahead in the next quarter. We might start in with a $200,000 job from the Post Office Department, which would have good intentions for us to complete it in the first six months, but later would come along with a $150,000 emergency job and say, "Set aside the $200,000 job and go ahead with the $150,000 job." Then we would have $350,000 charged up against the department, with only $300,000 available for the six months.

Mr. KELLEY. When you start on a job, like in private business, you estimate the time when the deliveries can be made?

Mr. CARTER. Yes, sir.

Mr. KELLEY. If it were clear to you that they could not be made during the first period of six months, but could be made during the second period of six months, might not that be considered as a part of the appropriation?

Mr. CARTER. That might possibly be done.

Mr. KELLEY. It would relieve the Post Office Department of this necessity of turning back at the end of the year perfectly available funds and then making a new appropriation to cover it?

Mr. CARTER. Yes, sir.

Mr. KELLEY. Or a deficiency?

Mr. CARTER. The Post Office Department has placed orders for from three to six months' printing, knowing, and our office well knowing, that it will be impossible to complete that work within the first six months of the fiscal year. For instance, the department ordered a 25,000,000 run of certain forms, and yet we can run only half of that during the six months' period, but we have bought all the paper.

Mr. KELLEY. If you took that into account in reckoning the amount of money they estimated to spend during the first half of the year, it seems to me that would be fully complying with the spirit of the law.

Mr. CARTER. We are doing that. As a matter of fact, just simply the work that we can complete within the six months will use up the department's full allotment for the six months. It appears to our office, from the amount of the work the Post Office Department has been ordering, due probably to the increasing requirements of the Postal Service, that the $150,000 now asked will be used in addition to the $600,000 already appropriated.

Mr. KELLEY. Even if all the requisitions were completed within year?

Mr. CARTER. Yes, sir; it looks that way. There does not seem to be y decrease whatever in the volume of printing that comes to the vernment Printing Office from all the departments. On the basis the first quarter of this fiscal year the printing will run probably 3,000,000, or nearly $1,000,000 more than what it was last year. e have now in the office nearly double the number of folios of copy it were in the hands of our printers a year ago this time.

Mr. ANTHONY. Work to do?

Mr. CARTER. Yes, sir. The Post Office Department is no different om the others, except that its increased printing probably repreits the normal growth in the postal business. I may say that the st Office Department's printing is largely a matter of supplies for Postal Service.

All the departments are getting, as a matter of fact, more printing their money than they did a year ago, because we have already reased the charge for paper from 15 to 25 per cent.

CONTRACTS FOR PAPER.

Mr. BYRNS. Your paper contracts are made for the year, are they t?

Mr. CARTER. They are made through the Joint Committee on inting.

Mr. BYRNS. Are they not made for 12 months?

Mr. CARTER. The law requires that in December we shall estimate the annual requirements, and then it is within the discretion of Joint Committee on Printing whether they contract for a year a less period. As a matter of fact, for the last few years contracts ve been made for three and six months as a rule. Part of the time joint committee authorized the Public Printer to buy in the en market on account of the great fluctuation in prices.

Mr. BYRNS. It is within the discretion of the Joint Committee on inting?

Mr. CARTER. Yes, sir. The present contracts are for six months.

Mr. BYRNS. How is that paid, on delivery, 30 or 60 days?

Mr. CARTER. The contracts are made for an estimated quantity it may be needed during the period and we order under the conct whenever paper is needed. For instance, if we estimate for 000,000 pounds of book paper we will probably order 1,000,000 unds at a time and pay for the 1,000,000 pounds on delivery and pection.

In conclusion may I say that our sole purpose in restricting the partments to their allotments and not granting any waivers is to vent, at least not to aid, in creating any deficiency. That is what have had in mind particularly.

The CHAIRMAN. Your interest is to protect the appropriation, as as the Public Printer is concerned?

Mr. CARTER. Yes, sir. Our interest has been to see that the detment did not get any more work done than their funds——

The CHAIRMAN (interposing). Did not owe you anything?

Mr. CARTER. Yes, sir.

WEDNESDAY, NOVEMBER 16, 1921.

NAVY DEPARTMENT.

STATEMENT OF MR. A. E. SHOEMAKER, REPRESENTING THE SOLICITOR'S SECTION, OFFICE OF THE JUDGE ADVOCATE GENERAL OF THE NAVY.

DAMAGE CLAIMS.

The CHAIRMAN. "Damage claims: To pay the claims adjusted and determined by the Navy Department under the naval appropriation act for the fiscal year 1911, on account of damages occasioned to private property by collisions with vessels of the United States Navy, and for which naval vessels were responsible, certified to Congress in House Document No. 121 of the present session, $7,413.26."

Will you be kind enough to tell the committee what these claims are and how they originated?

Mr. SHOEMAKER. These claims, Mr. Chairman, arose out of collisions involving naval vessels, and they have been determined and adjusted under the provision of the law known as the act of June 24, 1910 (36 Stat. L., 607), which act authorizes the Secretary of the Navy to determine and adjust claims arising out of collisions when the amount is not in excess of $500, and certify them through the Treasury Department to Congress for appropriation each session.

The CHAIRMAN. How many of these claims are there?

Mr. SHOEMAKER. There are 26 of them. I may say that I have here a brief of the facts in each case that I will leave for your information and convenience. The statement in House Document numbered 121 gives the name of the claimant, the names of the boats involved, the property damaged, and the amount of the claim and the address of the claimant.

The CHAIRMAN. But it does not show anything about how the accident occurred?

Mr. SHOEMAKER. No; the facts are contained in these copies of the memoranda submitted to the Secretary of the Navy for his information and approval.

Mr. ANTHONY. Under the law, can the Secretary of the Navy settle all claims on account of collisions?

Mr. SHOEMAKER. When the amount is not in excess of $500.

Mr. ANTHONY. Can he settle any other kind of claim against the Navy?

Mr. SHOEMAKER. Yes; there is a provision of law which authorizes the settlement of claims out of existing naval funds for damages caused by naval aircraft up to $500 in amount.

Mr. ANTHONY. How about cases where officers of the Navy incur expenses under official orders that are disallowed by the auditor or by the comptroller, can the Secretary of the Navy make them good?

Mr. SHOEMAKER. No; he can not.

Mr. ANTHONY. How are such officers in the Navy reimbursed?

Mr. SHOEMAKER. If the auditor disallows their claims there is no power in the Navy to settle them so far as I know. They would have to come to Congress with their claims.

The CHAIRMAN. These are claims for damages to ships or other private property?

Mr. SHOEMAKER. Yes; they are all cases of tort involving damages to ships, docks, piers, and things of that kind.

The CHAIRMAN. In which cases it was found that the ships owned by the Government were responsible?

Mr. SHOEMAKER. Yes; and they have all been adjusted in accordance with the provisions of the law, which reads as follows:

The Secretary of the Navy is hereby authorized to consider, ascertain, adjust, and determine the amounts due on all claims for damages, where the amount of the claim does not exceed the sum of $500, hereafter occasioned by collision, for which collisions vessels of the Navy shall be found to be responsible, and report the amounts so ascertained and determined to be due the claimants to Congress at each session thereof through the Treasury Department for payment as legal claims out of appropriations that may be made by Congress therefor.

The CHAIRMAN. How do you arrive at a settlement in these cases—through a board appointed in each case?

Mr. SHOEMAKER. In practically every collision case there is a board or court convened. In the more important cases the body is termed a court. Witnesses are summoned on both sides, the owner of the privately owned vessel is requested to be present in person or by representatives, his witnesses are examined, and the board, upon the facts presented, reaches a conclusion as to responsibility.

The CHAIRMAN. Is this board assembled on the spot at the time of the accident?

Mr. SHOEMAKER. It is assembled on the spot as soon as practicable after the accident, generally the next day.

The CHAIRMAN. Has the captain of the Government ship the power to assemble the board or to appoint them?

Mr. SHOEMAKER. If he is the senior officer present. The senior officer present generally does that; but if a collision occurs in the harbor of New York, generally the commandant of the district convenes the board, and he is the reviewing authority there. He passes on the findings of the board and then sends the record to the department.

The CHAIRMAN. And the Secretary of the Navy approves or disapproves the findings.

Mr. SHOEMAKER. Yes, sir. It goes to the Judge Advocate General, who reports as to the regularity of the proceedings and then to the Bureau of Navigation, which also passes on the case, and occasionally, in an important case, it goes to the Chief of the Bureau of Operations.

The CHAIRMAN. Does the board consist of officers or civilans?

Mr. SHOEMAKER. The board consists of officers.

Then these records go to the Judge Advocate General's Office, solicitor's section, for consideration of claims that may arise out of the collisions, claims of the Government or against the Government, as the case may be.

The CHAIRMAN. Does the board consist of anyone except Government officers?

Mr. SHOEMAKER. No, sir.

The CHAIRMAN. So that the Government passes on the claim for damages said to be done by a Government ship to somebody else's property and its conclusion is the conclusion upon which this finding is based.

Mr. SHOEMAKER. Not necessarily. We do not follow those report necessarily.

The CHAIRMAN. But whatever is approved, the conclusion is the conclusion of our own people.

Mr. SHOEMAKER. Yes. There is no one representing the owner of the damaged property on the board. These investigations are primarily for matters concerning Navy personnel, but we use the records as a basis for determining responsibility and liability for damage caused, but they are not always sufficient for the purpose, and we have to seek further information elsewhere.

The CHAIRMAN. The finding of the board which is assembled at the time is simply a recommendation which is finally acted upon through the Judge Advocate General and such other officials as may be able to properly advise the Secretary of the Navy who finally passes on the subject?

Mr. SHOEMAKER. Yes, sir.

The CHAIRMAN. And that has all been done in each one of these cases?

Mr. SHOEMAKER. Yes, sir.

TUESDAY, NOVEMBER 15, 1921.

NAVAL ESTABLISHMENT.

STATEMENT OF ADMIRAL ROBERT E. COONTZ, CHIEF OF NAVAL OPERATIONS; REAR ADMIRAL DAVID POTTER, PAYMASTER GENERAL OF THE NAVY AND CHIEF OF THE BUREAU OF SUPPLIES AND ACCOUNTS; MR. CLYDE REED, SPECIAL ASSISTANT, BUREAU OF SUPPLIES AND ACCOUNTS; AND COMMANDER E. A. COBEY, BUREAU OF SUPPLIES AND ACCOUNTS.

The CHAIRMAN. Admiral, please state your name and rank.

Admiral COONTZ. R. E. Coontz, admiral, United States Navy, Chief of Naval Operations, and Budget Officer for the Navy Department.

ANTIDEFICIENCY LAW.

The CHAIRMAN. Admiral, you appear to have before us a request for deficiencies amounting to $27,000,000 for 1922. Have you ever read the law that has relation to deficiencies?

Admiral COONTZ. Yes, sir.

The CHAIRMAN. Have you ever made any attempt to comply with it?

Admiral COONTZ. Yes, sir.

The CHAIRMAN. What attempt?

Admiral COONTZ. The attempt first to bring the expenditures down as low as possible, and secondly, the attempt in the case of the Secretary of the Navy recently, when he found he had not money for the reservists, he discharged them all.

The CHAIRMAN. But the first thing required is to apportion the appropriation over a period either monthly or quarterly, not on the basis of the anticipated needs of the department, but on the basis of the appropriation.

Admiral COONTZ. Yes, sir.

The CHAIRMAN. What apportionments have been made in connection with the appropriations for the Navy Department for 1922?

Admiral COONTZ. The bill did not pass until the 12th of July of the present year, and the attempt was made at once to come down on all the various appropriations as quickly as possible to a lower basis, the result being that from that time, I think, in practically each appropriation we have reduced. It has not been possible to exactly apportion these things by the 12 months under the circumstances.

The CHAIRMAN. Why not?

Admiral COONTZ. The reason is that the last bill was what we would call an unbalanced bill, i. e., sufficient in some items for the maintenance of efficiency and insufficient in others. This was known from the beginning.

The CHAIRMAN. Who decides that question?

Admiral COONTZ. So far as the Navy Department was concerned it regarded the number of men to be looked out for and various other considerations of that character as the basis, considering that there were certain items in which deficiencies were allowed and in which they always have been allowed, and which for a number of years have been carried. That has been the custom. The present Secretary of the Navy, however, was not satisfied with that scheme, and he has therefore endeavored to bring the items down, but in order that he should have no deficiencies he asks for this money at this time well ahead. He does that in order that he may take such steps as are desirable in case it should not be forthcoming.

The CHAIRMAN. What do you call this if it is not a deficiency?

Admiral COONTZ. It is a prospective deficiency.

The CHAIRMAN. I do not think you have caught the question I asked. What I really asked was how you made your allotment of the appropriation, and not how you made your assignment of ships and that sort of thing. I want to know what you did with the appropriation in the way of allotting it, and not how you may have decided to do this or that. How did you allot the money, or how did the Secretary direct the allotment to be made?

Admiral COONTZ. The Secretary of the Navy made the allotment in every case, except in three or four of those matters, in order that he might insure that there would be no deficiencies. There are about four cases where that was not done.

The CHAIRMAN. Will you be kind enough to tell us for the record here just how much was apportioned to each of the bureaus or activities for the several months or quarters out of the appropriation?

Admiral COONTZ. The bureaus themselves allot the appropriations for matters coming within their own cognizance. The appropriations are actually administered by the several bureaus with the approval of the Secretary of the Navy. The Secretary directed that no deficiencies be incurred, but of course it was soon demonstrated that the amounts appropriated under some items were inadequate to meet the necessities.

The CHAIRMAN. That is one requirement of the law that is imperative, and an appropriation act is just as much the law as is the Constitution of the United States.

Admiral COONTZ. Yes, sir.

The CHAIRMAN. It is just as sacred and inviolate, and it should be observed to the same extent. Of course, everybody who holds a high position, as well as everybody who holds a low one, swears to obey the laws and the Constitution.

Admiral COONTZ. Yes, sir.

The CHAIRMAN. But we find that you people of the Navy did not pay any attention to the laws on this subject in the past year.

Admiral COONTZ. I think that we were paying as much attention to it as was possible under the circumstances.

The CHAIRMAN. That does not answer the question at all.

Admiral COONTZ. We were certainly paying more attention than I have ever known to be paid in the past.

The CHAIRMAN. It is not a question of the past, present, or future. The law is mandatory and obligatory not only in the past but now and at all times. When you ask for a deficiency after the first four months of the year in which you are operating, it must be manifest to everybody that you have not made any attempt to obey the law. Now, if we cooperate with you in the violation of the law by allowing a deficiency, we will be violating it as much as the Navy.

Admiral COONTZ. We have come to you at the end of the first four months asking for a prospective deficiency to carry the Navy Department through, with the idea on the part of the Secretary that that was what would come to pass.

The CHAIRMAN. It is not for you to decide that. The thing for you to decide is what the law directs to be done. Are you superior to the law? That is a thing we would like to find out. We want to know whether the law as written by the Congress of the United States is to be respected even by the Navy. It must be respected by other people, and I do not see why you are superior to everybody else.

Admiral COONTZ. We do not consider ourselves, so, sir. The questions you are placing before me, Mr. Chairman, it seems to me, are questions that should be answered by the Secretary of the Navy, who is the responsible head of the Navy Department specifically in regard to authorization of expenditures.

The CHAIRMAN. The Secretary of the Navy has been invited to come here, and if he does not come——

Admiral COONTZ (interposing). If the hearing could have been had on any other possible date the Secretary would have come, but this is the last day for his annual report, and he has been working on it all night and all day. He would undoubtedly be here if it were possible for him to come.

The CHAIRMAN. If you are not competent to answer these questions, or if you are not authorized to answer them, some one should come with that authority.

Admiral COONTZ. I do not think I am authorized to answer those questions, Mr. Chairman, because the Secretary of the Navy, I know, has his views on those questions, and he will be very glad to tell you what they are.

The CHAIRMAN. Any view that is held contrary to the law ought not to be given any consideration. I do not care whether it is held by the Secretary of the Navy or anybody else, and, so far as I am concerned, as chairman of this committee, I propose to endeavor to see that the law is obeyed and that the allotments must be made on the

appropriation set out and not on the basis of what any department thinks that department's needs may be, because if you are to interpret the question of what Congress has authorized, contrary to the authorization itself, there will not be any business for Congress to do. We want to have it distinctly understood from now on that these laws are to be obeyed, and that at any rate no expenditures shall be made except expenditures that are authorized by law. The expenditures must be authorized in advance, and not after the expenditures have been made.

Admiral COONTZ. Yes, sir.

CONSTRUCTION OF SECTION 3732, REVISED STATUTES.

The CHAIRMAN. Of course, you are, I suppose, under the appropriation act, permitted to create deficiencies under certain circumstances or under extraordinary circumstances. Here is the way the act reads:

No contract or purchase on behalf of the United States shall be made unless the same is authorized by law or is under an appropriation adequate to its fulfillment, except in the War and Navy Department for clothing, subsistence, forage, fuel, quarters, or transportation, which, however, shall not exceed the necessities for the current year.

Now, the question is, How do you define the word "necessities"? In other words, how do you determine how much cruising a ship shall do, and whether there is any need for the cruising or not? I suppose a necessity is something that must be done. Now, in time of peace it does not look to me as if a ship should be required to cruise 10,000 miles if 1,000 miles would be sufficient for the job, or that she should burn coal while cruising when she could lie at anchor, or that transportation should be used that you could do without, or that anything should be done where the necessity was not urgent and imperative. That is the way I construe it, but I do not think that is the way the Navy Department construes it.

Of course, if the Navy Department is superior to the rest of the Government, I suppose they will go on and do what they like; but there is a penalty provided for the violation of these laws. One of the penalties is that the person who commits the offense shall be removed from office; another one is that he shall be fined; and another is that he may be imprisoned; or all three things may happen. I just want to say, without any feeling in the matter at all, that if nobody else invokes the law, as long as I am chairman of this committee I will undertake to invoke it and see that the penalties apply to anybody that violates it.

WITHDRAWAL OF ESTIMATES.

Admiral COONTZ. Mr. Chairman, at the beginning of this fiscal year it looked as if the additional money necessary to carry on the fleet would be about $37,000,000. The Secretary of the Navy, in my judgment, never had any idea that he would incur such a deficiency. We began as soon as the bill passed on the most stringent economy that I have ever known or heard of in any navy. That economy will roll up into thousands and millions of dollars as the months go by.

In the course of four months we have been able to pull the anticipated deficiency down about $12,000,000, which leaves this amount of about $27,000,000. In the expectation of still further reductions before he brought it to the attention of Congress, the Secretary wrote to-day this letter to the Director of the Bureau of the Budget:

NOVEMBER 16, 1921.

SIR: In my letter 29049-110, of October 20, 1921, I forwarded to you the request for transmission to Congress supplemental and deficiency estimates of appropriations required for the Naval Establishment for the fiscal year 1922 and prior years, amounting to $27,376,113.01, including an explanation of each item.

I now request that no action be taken on these estimates at this time, inasmuch as it is believed that the consideration of all these items may well wait until the next regular session of Congress.

Very respectfully,

EDWIN DENBY.

The DIRECTOR OF THE BUREAU OF THE BUDGET,
Treasury Department, Washington, D. C.

The reason the Secretary wrote that letter was because there are items in this bill that we hope to greatly reduce.

The CHAIRMAN. The Secretary of the Navy, if you will permit me, has no authority to withdraw this estimate. This is the President's estimate.

Admiral COONTZ. Yes, sir.

The CHAIRMAN. And any communication that comes to this committee for the withdrawal of the estimate must come from the President of the United States.

Admiral COONTZ. The Secretary, therefore, addressed this letter to the Director of the Budget with the idea that he would bring it to the attention of the President before it came to this committee. That is the present situation of the Navy Deparment. It has hopes of reducing the deficiency that may occur for the year 1922, and it has hopes of being able to save enough out of some appropriations so that we shall simply ask for authorization of a transfer of funds without any increase of appropriation.

BUREAU OF SUPPLIES AND ACCOUNTS.

FUEL AND TRANSPORTATION.

The CHAIRMAN. I think before any such communication comes to us we may very properly take up the question of the extravagant waste of fuel up to the present time, and I will ask Mr. Kelley if he will be kind enough to interrogate the Admiral on that phase of it.

COAL UNDER CONTRACT AND IN STORE.

Mr. KELLEY. Admiral, I would like to get some information about fuel. I would like to ask a few questions about the contracts outstanding for coal, and also about the stock on hand in your coal depots. You probably will not have the figures, but Mr. Reed or some of the other gentlemen with you will have them. How large a stock of coal have you on hand?

Admiral COONTZ. On the 1st day of October we had 923,498 tons.

Mr. KELLEY. Was that held in the general account of advances?

Admiral COONTZ. Yes, sir.

Mr. KELLEY. So that is not available for the Navy without your paying for it. You have to pay for it out of your regular appropriation for fuel?

Admiral COONTZ. Yes, sir.

Mr. KELLEY. You say you had something over 900,000 tons of coal in your depots on the 1st of October?

Admiral COONTZ. Yes, sir.

The CHAIRMAN. But it is not available for the Navy until some other appropriation takes it out of that account?

COST AND ISSUE PRICES OF COAL.

Admiral COONTZ. That is true.

Mr. KELLEY. Do you know the price that you paid for that coal?

Admiral POTTER. It was purchased at varying prices. We have them here.

Mr. KELLEY. I would like to have you give us that information.

Admiral POTTER. We got all sorts of prices, and there are about 35 different contracts.

Mr. KELLEY. At what price are you selling it to the Navy at the present time?

Mr. REED. The average price during the quarter ending September 30 for all issues was $8.26 per ton.

Mr. KELLEY. Delivered to the ships?

Mr. REED. Yes, sir.

Mr. KELLEY. What sort of contracts have you been able to make for delivery during the current year?

Mr. REED. Very favorable as compared with the commercial market price, and the average price at which fuel will be issued during the remaining nine months should be substantially reduced from the cost during the first three months.

Mr. KELLEY. At about what figure will it run?

Mr. REED. Our best estimate is about $7.10 per ton for the year, which would mean a price somewhat lower than that for the remainder of the year.

Mr. KELLEY. Have you a table showing the contracts for coal to be delivered?

Mr. REED. Yes, sir.

Mr. KELLEY. Give me a statement of the prices that you are to pay under existing contracts.

Admiral POTTER. There are a good many of them.

Mr. KELLEY. Well, take the leading ones. It probably will not be necessary to give them all, but I imagine that you have some quite large contracts.

Admiral POTTER. Our contract for the Brooklyn Navy Yard calls for 15,000 tons at $6.28 per ton.

Mr. KELLEY. Laid down at the Brooklyn Navy Yard?

Admiral POTTER. That runs to March 31, 1922.

Mr. KELLEY. Would it cost something there to get it on board ships?

Admiral POTTER. It would cost the coaling gangs compensation.

Mr. KELLEY. About how much per ton would that be? I mean the amount that is charged to this fuel account on account of handling at the yard.

Admiral POTTER. Well, there would not be any charge.

Mr. KELLEY. So that is $6.28 per ton.

Admiral POTTER. Yes, sir. That is charged against the fuel and transportation appropriation. I see one other contract for New York Harabor made with J. H. Weaver & Co. for 5,000 tons at $7.53 per ton, alongside the vessel. Then, of course, the bluejackets put it on board.

Mr. KELLEY. Is that the same grade of coal as the other?

Admiral POTTER. Yes, sir; that is the same grade of coal, but it goes out into the harbor by lighters.

Mr. KELLEY. What sort of coal do these contracts call for?

Admiral POTTER. West Virginia coal, Georges Creek coal, and Pocahontas coal. It is the standard Navy coal. There are about 25 different firms.

Mr. KELLEY. Give us the terms of some of the larger contracts.

Admiral POTTER. We have a contract for 36,000 tons of coal delivered at the navy yard at Philadelphia in cars. It is delivered in cars at the yard for $5.94 per ton.

Mr. KELLEY. That is a good contract.

Admiral POTTER. Yes, sir; that is a good contract, and it runs until the 31st of March next. That contract calls for 36,000 tons.

Mr. KELLEY. Will it cost you anything out of this fund to put it on board ship?

Admiral POTTER. No, sir.

Mr. KELLEY. That is delivered alongside the vessel.

Admiral POTTER. Yes, sir. Here is the largest single contract, and it is made with Castor, Curran & Bullitt. This contract calls for 185,000 tons at $5.04 per ton delivered at Hampton Roads. Here is one still larger than that, for 300,000 tons, but I see that it has expired. That was a contract for 300,000 tons at $6.16 per ton. It appears that on our next contract we saved $1.12.

Mr. KELLEY. Suppose you give us the average price under your outstanding contracts.

Admiral POTTER. About $6.25 per ton.

Mr. KELLEY. And you are charging the Navy $8.26 per ton for your stock held in the general account of advances, or $2.01 per ton more than you could buy coal for on the market. That is eating up the appropriation pretty fast.

Mr. REED. That average of $8.26 per ton includes the issues to ships at all stations in all parts of the world, while this $6.25 per ton average is for current east coast contracts running from the 1st of October. The other coal was purchased when we were paying higher prices, and we also made shipments of it by commercial carriers so that the transportation represented an added cost.

Mr. KELLEY. You have some coal, of course, in the Orient, but not much, have you?

Admiral POTTER. We have a good deal on the west coast.

Admiral COONTZ. We have 69,000 tons at Cavite and 4,000 tons at Guam.

Mr. KELLEY. Out of the 900,000 tons?

Admiral COONTZ. Yes, sir.

Mr. KELLEY. But I imagine that most of it is in depots on the east coast of the United States?

Admiral COONTZ. Yes, sir. There are 300,000 tons at Hampton Roads, 109,000 tons at Pearl Harbor, but there are 111,000 tons at Tiburon, Calif.

Mr. KELLEY. When you issue coal from Hampton Roads, do you issue it at $8.26 per ton?

Admiral POTTER. No, sir; it is $5.04 plus 25 cents for the handling charge.

Mr. KELLEY. Out of the general account of advances?

Admiral POTTER. Yes, sir; we purchase it under the general account of advances, and that is the current contract price.

Mr. KELLEY. Where you have a stock of coal and when you issue from the stock——

Admiral POTTER (interposing). That is carried in the naval supply account fund.

Mr. KELLEY. You issue that at $5.04 per ton?

Admiral POTTER. Plus 25 cents per ton handling charges.

Mr. KELLEY. Where does the $8.26 per ton come in as the average?

Mr. REED. That was not the average. Five dollars and four cents is the current price at Hampton Roads.

Mr. KELLEY. I am talking now about the stock. I am not talking about the current prices. What I am getting at is this: Are you issuing to the ships coal at the average price of $8.26 per ton in the case of coal purchased prior to the current contracts?

Admiral POTTER. We make the average price as it comes in, and we reaverage it as each new amount comes in. That is, we take the quantity on hand and divide it into the money values and make an average price for it.

Mr. KELLEY. Take the months of July, August, September, and October. During that time you were using up your naval-fuel appropriation on the basis of $8.26 per ton for coal?

Admiral POTTER. Yes, sir.

Mr. KELLEY. Why did you not reappraise your coal under the general authority conferred last winter?

Mr. REED. The prices were adjusted in June to about the basis of the then current market price, or at about $7.50 per ton for the east coast, including the handling charge for getting it into and out of storage.

Mr. KELLEY. You have contracts now which have been made for some considerable period of time under the terms of which you are getting coal at $6.25 per ton. Now, what is there to prevent the Navy Department from reappraising the coal on hand at that same price?

Mr. REED. I do not see that there is anything.

Admiral COONTZ. Would you want us to keep that big stock at a high price and then unload it later on or would you want it to gradually come down and be evened up?

The CHAIRMAN. You could take about $400,000,000 worth of supplies that you have on hand and charge off the difference between what you paid for it and what it is worth to-day.

Mr. KELLEY. The intent of Congress, I think, at the time we passed the legislation was not to compel Congress for years to come to put up money to buy material on hand and pay for it at war prices. If you have coal that you bought under war conditions or at very much

higher prices than now prevail, it was the intention of Congress that you should reappraise it, and not dispose of it to the Navy at $8.2[illegible] per ton, when you have contracts on your books at the very moment for coal of the same grade at $6.25 per ton.

Admiral COONTZ. Should we keep that old coal?

Mr. KELLEY. Oh, no. The Secretary is authorized to reappraise the coal at current market prices and issue it to the Navy at that price instead of at those higher prices. You are using up your appropriation unnecessarily by paying $2 per ton more than current prices.

Admiral POTTER. It was reappraised last summer at $7.50 per ton, and since that time it has dropped again.

Mr. KELLEY. Why not reappraise it again? There is no limitation upon the number of appraisals, is there?

Admiral POTTER. No, sir; I think not.

Mr. REED. We have taken the attitude when we reappraise material on hand at current market prices that we should follow the practice of averaging the prices, as we have averaged them in the past, and as we buy cheaper than we paid for the stock on hand it would be averaged at a lower price. These prices that we are dealing with are east coast prices, and our transportation to the west coast has been costing a good deal, as high as $14 per ton having been paid, although recently we have gotten some very favorable charters.

Mr. KELLEY. With the oil-burning ships on the west coast and coal-burning ships on the east coast, there should not be much transportation of coal from one coast to the other.

Admiral POTTER. Commander Cobey, who made the contracts, can state that.

The CHAIRMAN. Before he does that I should like to make this observation, that every business institution in the United States that had large stocks of supplies of all kinds at war prices had to inventory those stocks down to the present prices. That does not mean that they are going to hold them; they will use them. You have in the Navy about $400,000,000, or something like that, of supplies on hand. Those supplies ought to be worked down and worked down at any price, whatever the price may be, justified by the conditions, instead of coming to the Treasury of the United States to take the money out of the pockets of the taxpayers by endeavoring to use stocks which you have on hand purchased at war prices.

Admiral POTTER. Of the 30,000 items of naval supplies, we have worked down over 25,000 since last March. Mr. Chairman, will you permit Commander Cobey to answer that question?

The CHAIRMAN. Certainly.

Commander COBEY. $6.25 is the average price on this coast, but there is coal consumed by naval vessels on the Atlantic, on the Pacific coast, passing though the canal, and on the Asiatic station—a great many coal burners, many of which are small vessels. It costs us an average of $8.26 the world over. It costs us from $4 up to transport the coal a long distance. That is what makes the average $8.26.

Mr. KELLEY. I understand that Admiral Coontz redistributed the fleet with a view to making these economies as far as possible by putting the coal burners on the Atlantic coast and the oil burners on the Pacific coast?

ıdmiral COONTZ. It is a very good scheme to save money, to base burners close to oil and the coal burners closer to the coal.

FUEL-OIL STOCKS, COSTS, AND ISSUE PRICES.

Ir. KELLEY. Is not the same thing true as to the oil supply?
ıdmiral COONTZ. Yes, sir.
Ir. KELLEY. How much oil have you on hand?
ıdmiral POTTER. 1,800,697 barrels on October 1.
Ir. KELLEY. About 2,000,000 barrels in round numbers.
ıdmiral POTTER. Yes, sir; roughly.
Ir. KELLEY. What is your best oil contract now for Pacific coast iveries?
ıdmiral POTTER. $1.48; that is the lowest.
Ir. KELLEY. That would be in San Francisco Bay?
ıdmiral POTTER. Just above that, what they call Richmond.
Ir. KELLEY. When we made the appropriation last summer do ı remember what we figured the price of oil per barrel? My ollection is $3.76.
ıdmiral POTTER. $3.85.
The CHAIRMAN. Against $1.48 that you are paying.
Ir. KELLEY. On the Pacific coast?
The CHAIRMAN. Yes, sir.
Ir. KELLEY. There were contracts for Pacific coast delivery higher n that. What was the number of barrels under contract for cific coast delivery?
ıdmiral POTTER. Nine hundred thousand barrels.
Ir. KELLEY. For all the oil you wanted?
ıdmiral POTTER. At $1.48; yes, sir.
Ir. KELLEY. Coming to the other coast, what is the situation on s coast? You have sort of a white elephant on your hands on the lantic coast.
ıdmiral POTTER. You are referring to the New England Oil Co.?
Ir. KELLEY. Yes, sir.
ıdmiral POTTER. It is now $3.057.
Ir. KELLEY. There are some trimmings that go in?
ıdmiral POTTER. No, sir; that is the whole thing. You remember advance of $3,500,000 to finance their plant. In consequence we d $3.057 and deduct $1.66 per barrel.
Ir. KELLEY. And you are getting your money back in oil?
ıdmiral POTTER. Yes, sir; as the deliveries are made.
Ir. KELLEY. At what price?
ıdmiral POTTER. $3.057.
Ir. KELLEY. That was a bad contract as things have turned out.
ıdmiral POTTER. I am not prepared to say that it was not a good ng to do. During the one preceding year we got oil cheaper than otherwise would have done by making a long-term contract. I not certain that it was a bad thing to do under the circumstances.
Ir. KELLEY. Do you get all of your oil on the east coast through ıt company?
ıdmiral POTTER. We have other contracts, but just now w ing all the oil from the company with whom we have thi ular contract.

STANFORD LIBRARIES

Mr. KELLEY. In order to get the money back?

Admiral POTTER. Yes, sir; precisely. We also have a contract with the Texas Co. at $2.47.

Mr. KELLEY. For delivery where?

Admiral POTTER. At Port Arthur: and we have a contract with the Gulf Refining Co. also at $2.45. We have not drawn very much oil under either.

Mr. KELLEY. How long will this other contract run?

Admiral POTTER. The contract with the New England Oil Co.?

Mr. KELLEY. Yes, sir.

Admiral POTTER. That will run out about the 1st of April.

Mr. KELLEY. Taking the Pacific coast and Atlantic coast contracts what do you figure your price for oil will be this coming year?

Admiral POTTER. $2.74.

Mr. KELLEY. You figured in the estimate on $3.85. Based on your present consumption, what will be your total consumption of oil?

Admiral POTTER. Thus far, for the first three months—July, August, and September—we have issued oil in barrels, 2,225,414.

Mr. KELLEY. That would be nearly 9,000,000 barrels.

Admiral POTTER. Yes, sir.

Mr. KELLEY. If you save a dollar a barrel or $1.12 a barrel on almost 9,000,000 barrels, based on the estimates, you will have a leeway of $10,000,000?

Admiral COONTZ. I should like to state, Mr. Kelley, that the amount spent the first quarter was no criterion of what may be spent later. As soon as the bill was passed the most stringent orders went out to every ship and every squadron so that the 8,000,000 barrels would be reduced by possibly several million before the end of the year.

Mr. KELLEY. The estimate was based on a very much higher figure than you are obliged to pay?

Admiral COONTZ. Yes, sir.

Mr. KELLEY. And so the money will go very much further than you anticipated?

Admiral COONTZ. Yes, sir.

GASOLINE CONSUMPTION AND ISSUE PRICES.

Mr. KELLEY. Now, about gasoline?

Admiral POTTER. We have issued in the last quarter 1,093,483 gallons at an average of 22.6 cents.

Mr. KELLEY. What was the estimate per gallon?

Admiral POTTER. Twenty-seven cents.

Mr. KELLEY. There is a saving of 4.5 cents per gallon. How much will that amount to in saving on gasoline between the estimate and the actual price paid for the quarter that you were talking about?

Admiral POTTER. About $55,000.

Mr. KELLEY. That will be about $220,000 for the year on gasoline?

Admiral POTTER. Yes, sir. You will remember that what we asked for was not what we got in the appropriation.

Mr. KELLEY. No. Do your records show where this gasoline is used?

Admiral POTTER. Yes, sir. I have not brought the individual ships, but I have the classes.

·. KELLEY. Have you the record as to the submarine chasers; are very voracious gasoline consumers?
lmiral POTTER. Yes, sir. We have an estimate. The estimate is 00 gallons, at a value of $122,240.
·. KELLEY. You mean that you have used that much?
lmiral POTTER. The first quarter. That is an estimate. It is difficult to learn what those small ships have actually done. estimate has a fairly strong foundation, however, since it is l on what was done in the preceding year.
·. KELLEY. At that rate it costs $500,000 to run the submarine rs a year?
lmiral POTTER. $448,000, if we average it at that rate.

GASOLINE STOCKS AND COST PRICES.

·. KELLEY. Have you a stock of gasoline on hand?
lmiral POTTER. Yes, sir.
·. KELLEY. Do you buy it from month to month?
lmiral POTTER. No, sir. It is pretty dangerous to keep, and so ɔ not carry it. We had 589,229 gallons on October 1.
·. KELLEY. Is 22.6 cents the wholesale price of gasoline now?
lmiral POTTER. No, sir; that is the average price at which we . From 16 cents, boat deliveries, to 24 cents in drums.
·. KELLEY. How do you buy it?
miral POTTER. We buy it both ways.
·. KELLEY. Any greater quantities in boat deliveries?
miral POTTER. Just about the same as between tank cars and s.
·. KELLEY. It would average how much?
miral POTTER. Nineteen cents.
·. KELLEY. Half way between 16 and 22 cents?
miral POTTER. Yes, sir.
·. KELLEY. The same situation would apply there as to coal in ting figures?
miral COONTZ. Yes, sir. Of course, it would be the same thing Government in the long run.
·. KELLEY. The Secretary of the Navy has full authority not only e matter of fuel but in the cost of other supplies to adjust prices et current prices.
miral POTTER. You understand, they were adjusted in June?

COAL CONSUMPTION.

·. KELLEY. Yes, sir. Just a few more words about the use of the ıd fuel. Do you remember, Admiral, what number of tons of you estimated you would need for the coming year?
miral COONTZ. No, sir.
miral POTTER. The original estimate was 894,500 tons at $7.65.
·. KELLEY. How much coal have you used during the first three hs?
lmiral POTTER. 163,314 tons.
·. KELLEY. Where is that coal used?
lmiral POTTER. In connection with the vessels of the fleet.

Mr. KELLEY. Will you increase the consumption of coal during the balance of the year or will it be less?

Admiral COONTZ. It will be less, sir.

Mr. KELLEY. You will not use anything like the 800,000 tons you estimated for?

Admiral COONTZ. No, sir.

Mr. KELLEY. How much do you estimate now?

Admiral COONTZ. The revised estimate is 577,000 tons.

Mr. KELLEY. That is about what you think you will use?

Admiral COONTZ. I take it, it will be that or less. The ships are all, as I said, on allowances of fuel, greatly restricting their cruising.

Mr. KELLEY. In case the committee decides not to increase your fuel allowance, of course, you will apportion the money left to the ships and get along with that?

Admiral COONTZ. I take it the Secretary will so arrange. The money would not be exceeded. I should like for him to speak for himself on that. In this connection, you notice that the original estimate was $37,000,000 and it was reduced to $30,000,000. That is what we are still holding down on.

CONSUMPTION OF FUEL OIL BY DESTROYERS.

Mr. KELLEY. I remember that very well.

What is the estimate for the oil for the destroyers, the total estimate for the destroyers, based on the steaming supplied to you by the Chief of Operations?

Mr. REED. About 2,100,000 barrels.

Mr. KELLEY. Was that the estimate?

Mr. REED. Yes, sir.

Mr. KELLEY. For three months that would be 500,000. How much oil have you used on the destroyers during the first three months?

Admiral POTTER. 1,208,333 barrels.

Mr. KELLEY. There must be some mistake about that. That would be at the rate of 5,000,000 barrels of oil for the destroyers alone; at $3 a barrel, that would eat up nearly the whole appropriation.

Admiral POTTER. 1,208,333 barrels.

Mr. KELLEY. At that rate, during the year, it would be almost 5,000,000 barrels. Have you the amount used on the destroyers in reserve?

Mr. REED. That includes both the destroyers in reserve and in commission.

Admiral POTTER. We have various other auxiliaries.

Admiral COONTZ. I would like to state that there were two reasons for that large amount. One was the search we made in the Pacific for the missing ship, which we never found, with all of her men. The second was that the ships were up at Newport during the summer having maneuvers. As soon as it came to our notice that there was to be any such extensive amount we sent them down to Charleston, S. C., and placed them on allowance.

Mr. KELLEY. That brings us right back to the chairman's original proposition, that the only safe way to do unless you wish to wake up and find that it is too late—the thing is done—is to allocate a certain amount of oil to these ships. Here you have pretty nearly the whole appropriation, $14,000,000 or $15,000,000, if you go on at the same rate, used up on destroyers alone.

Admiral COONTZ. That is very true.

Mr. KELLEY. We find that for three months you used 1,208,000 barrels of oil on the destroyers, which would take almost $15,000,000 out of your appropriation just for the destroyers alone, if you keep on at the rate used the first three months.

Admiral COONTZ. We estimate, of course, a very great expense in searching for the lost ship. That accounts for a great deal of it, and as to the reserve destroyers, as soon as the bill passed and we could get down to normal here, we cut them down and sent them back to Charleston and put them on a very low allowance. We have carried out the scheme as to saving money, and I venture to say that at least 75 per cent of the appropriations made for last year will turn in unexpended balances. Of course, this should be taken into consideration in providing fuel and transportation.

Mr. KELLEY. You see it swamps you to spend so much for oil on the destroyers. That was a very grave mistake.

Admiral COONTZ. They have been giving us $10,000,000 for fuel, Mr. Chairman, for several years back, with a deficiency bill coming in of $26,000,000, such things as that.

Mr. KELLEY. But this time there could not have been any misapprehension as to the intent of Congress.

Admiral COONTZ. This time there was no misunderstanding as to the inadequacy of the appropriation, but we tried to do all we could to get along with it. We did not have a dollar to waste; our necessities were tremendously great. We had to press for economy even to the point of being a little offensive. There was never any misunderstanding as to whether the amount of money you gave us would cover it.

The CHAIRMAN. You are talking about war times?

Admiral COONTZ. I am talking about since the war.

The CHAIRMAN. Before the war your total appropriation for fuel was only $5,000,000?

Admiral COONTZ. Yes, sir. I am talking about since the war. It is an abuse which exists. Moreover, we have types of ships and numbers of ships which we did not have before the war, and our dollar is not worth so much.

REMAINING WITHIN APPROPRIATION.

The CHAIRMAN. We do not intend to allow it to exist any longer, and I would like to have you take notice that I mean what I say.

Admiral COONTZ. We have no objection whatever.

The CHAIRMAN. If you do not live within it or close to it we will shut the appropriation off and then we will see who is going to be blamed for it.

Admiral POTTER. The total amount for the battleships for the first quarter is only 364,014 barrels.

Mr. KELLEY. How many oil-burning battleships have you had in commission?

Admiral COONTZ. Ten oil burners, and eight coal and oil burners, which burn little oil.

Mr. KELLEY. And during the three months you used——

Admiral POTTER (interposing). 364,014 barrels.

Mr. KELLEY. As against 1,208,333 barrels for your destroyers?

Admiral POTTER. Yes, sir.

Mr. KELLEY. So you see your destroyer leak is the place on which you want to get your eyes.

Admiral COONTZ. The destroyer leak has been stopped, but, as I said, a great deal of that was on account of an errand of mercy. We scoured the Pacific in an endeavor to find a vessel with 37 men on board.

APPROPRIATION BALANCE.

Mr. KELLEY. How much money have you left?

Admiral POTTER. Out of the appropriation?

Mr. KELLEY. Yes.

Admiral POTTER. You mean actual money if you do not allow us this amount?

Mr. KELLEY. Yes.

Admiral POTTER. We have an indicated balance available, I should say, of $5,211,147.29.

Mr. KELLEY. You have used up over $12,000,000 in three months.

Admiral POTTER. $12,288,000.

Mr. KELLEY. That is going at the rate beyond what you asked for in your wildest dreams, Admiral.

Admiral POTTER. This is for four months.

Mr. KELLEY. Then, it is not quite so bad.

Admiral COONTZ. It is not quite so bad, because we are not spending anywhere near that sum now; as soon as we got the returns from July we came down.

FUEL ALLOWANCES.

Mr. KELLEY. Do you not really think the way out of it is to apportion the oil for your ships?

Admiral COONTZ. I think it is, Mr. Kelley. That is what we have done.

Mr. KELLEY. Let me elaborate on that a little bit. Of course, the commander of a ship has more or less latitude, I suppose, as to how much steaming he shall do; necessarily you leave the ship to him, and unless you do put some kind of a limitation on the amount he uses he has no notion of what other ships are using or what your total necessities are and without any design he is apt to go beyond his share of the expenditure and not know that the Navy as a whole is going beyond the appropriation.

Admiral COONTZ. Mr. Kelley, that is exactly the way we do it. Every ship that is on a cruise is under a commander in chief, and all ships have been since the 1st day of August, and as soon as the bill passed and we realized the small amount given we cut them all down; we sent the destroyers back and tied them up. Outside of that big expense on the Pacific, and on occasions when we have had to send ships at the request of the State Department, they are under an allowance; each commander in chief allocates what they can have. The four months about which you have heard a record can not be considered as to what the year will be, because most drastic economies have been made in that line as well as in every other line.

Mr. KELLEY. How many destroyers do you send with the big ships for maneuvering?

Admiral COONTZ. Nineteen is the plan.

Mr. KELLEY. So that your expense for maneuvering is not great, is it?

Admiral COONTZ. No, sir. There are 64 active destroyers, I think; 18 in China, 19 in the Pacific, 19 on this coast, and 8 in the Near East.

MANEUVER FULL REQUIREMENT.

Mr. KELLEY. On how many barrels of oil do you think you can conduct the maneuvers? What will be your total expense for the three or four months you will be down there with those essential ships?

Admiral COONTZ. I will have to figure on that.

Mr. KELLEY. If you took what money you have left and carefully allocated it to the ships you really want to maneuver and cut everybody else down, you could get along very well.

Admiral COONTZ. Of course, if we did not get the money we would simply have to tie them up.

Admiral POTTER. Commander Cobey just reminds me that it will take 1,260,000 barrels of oil for the maneuvers.

Mr. KELLEY. That would be something over $3,000,000 at $2.74 a barrel, and it would leave you something over $2,000,000 of your $5,500,000 for other ships.

Admiral COONTZ. The present estimate is about $1,900,000, as the oil will probably be taken from the west coast.

FUEL OIL CONSUMPTION OF EAGLE BOATS.

Mr. KELLEY. Take the Eagle boats. Can you give me the amount of oil that has been used by the Eagle boats in the first three months?

Admiral POTTER. Yes, sir; 94,686 barrels, but two-thirds of that is an estimate; 24,686 barrels is the actual amount, while the other is an estimate.

Mr. KELLEY. That would be at what rate per year?

The CHAIRMAN. It would be practically 400,000.

Mr. KELLEY. Which would be $1,200,000 for oil for the Eagle boats, at the rate used the first three months.

Mr. ANTHONY. Is that oil or gasoline?

Mr. KELLEY. This is oil for the Eagle boats.

Mr. ANTHONY. I thought they were electrically propelled boats.

Mr. KELLEY. No; they have oil-burning engines. Your policy toward the end would probably be to lay them up completely.

Admiral COONTZ. It would be the policy, and that policy will be carried out to a greater extent since we have done away with the reserves.

Mr. KELLEY. That is a tremendous amount of oil just for those boats that have so little military value.

Admiral COONTZ. It is.

Mr. KELLEY. That is particularly true when you stop to think that oil and fuel only cost $5,000,000 before the war and that you are spending at the rate of over $1,000,000 for these little Eagle boats alone.

Admiral COONTZ. We have not just desired to spend it, but spent it because we had the reserves and the law requires us to give them training.

FUEL OIL CONSUMPTION OF MINING VESSELS.

Mr. KELLEY. Take the mine layers: How much oil have you used for the mine layers?

Admiral POTTER. We have used 20,141 barrels at a value of $51,000.

Mr. KELLEY. Are you sure you have the right figures for the mine layers?

Admiral POTTER. That does not include the mine sweepers.

Mr. KELLEY. How much for them, also?

Admiral POTTER. For the mine-sweepers, 152,097 barrels.

Mr. KELLEY. Just give me those figures again.

Admiral POTTER. The mine sweepers——

Mr. KELLEY (interposing). And layers; put them together.

Admiral POTTER. One hundred and seventy two thousand two hundred and thirty-eight, and then for the year that would make 688,952, mine layers and sweepers together.

Mr. KELLEY. You do not intend to use those to that extent, do you, Admiral? That rate would require over $2,000,000 for the year for fuel for the mine sweepers and layers.

Admiral COONTZ. Not to that great extent, sir; but they require training, too.

The CHAIRMAN. That would mean over $2,000,000?

Mr. KELLEY. For the year?

The CHAIRMAN. Yes.

Admiral COONTZ. Naturally, we will cut down greatly on that.

DESTROYERS IN RESERVE.

Mr. KELLEY. Where are the reserve destroyers kept now, or where were they kept during the first three months?

Admiral COONTZ. They were based on Newport, R. I., those on the eastern side, and at San Diego, Calif., on the western side. There are 18 in China, 19 with the Atlantic Fleet, 19 in the Pacific, and we still have 8 in the Black Sea. Our Government practically has charge of the Black Sea.

Mr. KELLEY. That would leave a couple of hundred in reserve?

Admiral COONTZ. Yes; about that.

Mr. KELLEY. Do you not have any reserve destroyers at Hampton Roads?

Admiral COONTZ. No, sir; I do not think there is one.

Mr. ANTHONY. I visited the harbor at Newport and the New York Harbor this summer, and in each harbor I noticed great fleets of destroyers tied up four abreast.

Admiral COONTZ. Yes, sir. That is the way it is done.

Mr. ANTHONY. How do you maintan them—with the crews on them and the fires burning in all of them?

Admiral COONTZ. No, sir; we maintain them with reduced crews. They remained in Charleston eight months; then they went to Newport, stopping at New York, and remained there all summer with reduced crews, and with a combination of crews they took one of

n out from time to time and put them through their drills and es, and when they are in port they tie up. When we have four :e the heating apparatus on one is kept going, and that carries on lighting and electricity for all four.

Ir. ANTHONY. Is it not possible to take your surpus destroyers lay them up absolutely?

dmiral COONTZ. Not without a great loss of money, on account of way their engines and machinery would go to pieces; they are ctically new, and in the long run it pays to put a very small nber of men on board and keep everything in shape, both material personnel, in so far as training can be carried out with reduced nplements.

Ir. KELLEY. Have you the figures showing the amount of oil used any of the destroyers in reserve?

dmiral POTTER. On specific vessels, sir?

Ir. KELLEY. Well, in groups.

dmiral POTTER. One hundred reserve destroyers basing on New- 't during the months of June, July, August, and September— t throws you back into a month of the preceding year—consumed ,097 barrels of oil.

Ir. KELLEY. To use so great an amount of oil they must have been full commission, Admiral.

dmiral COONTZ. No, sir; but they exercised at gunnery and neuvers, which is necessary training and most advantageously ried out during these months.

Ir. KELLEY. How many barrels did you say?

dmiral POTTER. Three hundred and sixty-seven thousand and ety-seven.

Ir. KELLEY. That would be about 1,500,000 barrels a year for 100 troyers, and if you include the other 100 on the other coast, at $3 arrel, that would be almost $10,000,000 for fuel for destroyers in erve for a year.

The CHAIRMAN. Three million barrels a year for the two groups.

Ir. KELLEY. And at $3 a barrel that would be over $9,000,000 for destroyers in reserve.

The CHAIRMAN. Yes; for 200.

dmiral COONTZ. There is something the matter with those figures, ntlemen. We would not have had the money to spend. Those ures do not apply all the year around, nor to both coasts.

Ir. KELLEY. They have been running away with you entirely, miral.

dmiral COONTZ. The Pacific ones have been doing very little ising; they do not have to go so far.

Ir. KELLEY. If it were needed for the destroyers in reserve in the antic it would be fair to assume it would be needed to take care of m in the Pacific.

dmiral COONTZ. The destroyers in the Atlantic would consume re. The destroyers in the Pacific do not use so much for they base San Diego the entire year.

Ir. KELLEY. If you had known what was going on you never would e permitted 368,000 barrels to be used by the destroyers in reserve, ld you?

he CHAIRMAN. By only 100.

STANFORD LIBRARIES

Mr. KELLEY. Yes; by only one-half the destroyers in reserve.

Admiral COONTZ. If I had known they were using that much I would have stopped them, and as soon as I found they were overdoing it I did stop them and cut them right down to the limit, and sent them back to Charleston at the end of the summer. They were up there for the summer training.

The CHAIRMAN. Why did you not stop them in advance? Why is not the thing systematically arranged? Instead of having each commander of a destroyer run a navy by himself and pile up expense there ought to be some systematic plan under which this thing is operated. It is management when you do it that way, but when you do it in the way it has been done it looks as though nobody was paying any attention to it.

Mr. KELLEY. You are sure those figures are accurate?

Admiral POTTER. Yes, sir; but, of course, allowing for human frailty in computation.

Mr. KELLEY. Is there not some way by which we can determine the mileage of 100 destroyers in four months when they used that much oil? They must have been running as though they were in full commission.

Admiral COONTZ. They were up for their summer maneuvers: we sent them up there with their reduced crews and started them at work, and as soon as the bill passed we saw what money we had and we began to arrange to cut it down, which we promptly did.

ALLOTMENT OF APPROPRIATION BALANCE.

Mr. KELLEY. Of course, you can not get that oil back, but I should think that the suggestion of the chairman, Admiral, would be a very timely one, that you take the balance of the money that has been appropriated and allot it to the ships which you think should participate in the rendezvous and target exercises and deny every other ship to an extent that the whole expenditure will come within the annual appropriation of $7,500,000.

Admiral COONTZ. That would be partly practicable, Mr. Kelley: but, on the other hand, we can hardly stop the work in China or in the Black Sea which we have to keep up.

Mr. KELLEY. It may work a little hardship now, but I am very well satisfied that the chairman is right about it and that his attitude will have the backing of Congress.

The CHAIRMAN. We could not go into the House with anything that would be based on the showing these men have made. If we went into the House on a set of facts as presented by these gentlemen, we would be thrown out, and we ought to be thrown out. This is worse than the Shipping Board, and that was the rottenest thing I ever heard of. From what I have heard here to-day I really think this was just as badly managed as that.

Mr. ANTHONY. In reference to these destroyers that are supposed to be tied up in reserve, do you mean to say they were all put through their maneuvers this summer just the same?

Admiral COONTZ. Yes; they were taken to Newport and given their maneuvers.

The CHAIRMAN. We are very much obliged to you, gentlemen.

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OND DEFICIENCY APPROPRIATION BILL, 1922

HEARING

BEFORE

IBCOMMITTEE OF HOUSE COMMITTEE ON APPROPRIATIONS

CONSISTING OF

MESSRS. MARTIN B. MADDEN (CHAIRMAN), JOSEPH G. CANNON, NIEL R. ANTHONY, JR., PATRICK H. KELLEY, WILLIAM R. WOOD, JOSEPH W. BYRNS, THOMAS U. SISSON, AND JAMES A. GALLIVAN

IN CHARGE OF

DEFICIENCY APPROPRIATIONS

SIXTY-SEVENTH CONGRESS

SECOND SESSION

WASHINGTON
GOVERNMENT PRINTING OFFICE
1922

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COMMITTEE ON APPROPRIATIONS.

House of Representatives.

SIXTY-SEVENTH CONGRESS, SECOND SESSION.

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SECOND DEFICIENCY APPROPRIATION BILL, 1922.

HEARINGS CONDUCTED BY THE SUBCOMMITTEE (MESSRS. MARTIN B. MADDEN (CHAIRMAN), JOSEPH G. CANNON, DANIEL R. ANTHONY, JR., PATRICK H. KELLEY, WILLIAM R. WOOD, JOSEPH W. BYRNS, THOMAS U. SISSON, AND JAMES A. GALLIVAN) OF THE COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, IN CHARGE OF THE SECOND DEFICIENCY BILL FOR THE FISCAL YEAR 1922, AND PRIOR FISCAL YEARS, ON THE DAYS FOLLOWING, NAMELY:

FEBRUARY 14, 1922.

BOTANIC GARDEN.

STATEMENT OF MR. GEORGE W. HESS, DIRECTOR.

REPAIRS AND RECONSTRUCTION OF BUILDINGS DAMAGED BY FIRE, ETC.

The CHAIRMAN. Mr. Hess, please tell us in your own way what justification you have for asking for this $3,000?

Mr. HESS. Mr. Chairman, I am asking $1,300 for the repairs and reconstruction of the two buildings damaged by fire, $600 for the purchase of a new hot-water boiler, $200 for packing shed roof, $400 to reconstruct greenhouses and cupola on main conservatory, and $500 for repair of comfort station.

The CHAIRMAN. This was all affected by the fire?

Mr. HESS. Yes, sir. A fire on the night of December 4 damaged two buildings, and an immediate restoration of these two buildings to a safe and usable condition is urgent. It is necessary that an arched concrete roof be built over the boiler from which the fire started as a preventative of another fire. There is now no emergency boiler at the garden; and should one of the boilers now in constant use fail, there would be a loss amounting to thousands of dollars in valuable plants, many of which could not be replaced. We always keep an emergency boiler. The last emergency boiler that I had was transferred to me by Mr. Woods from the old buildings which they tore down on the plaza.

The CHAIRMAN. Is that worn out?

Mr. HESS. No, sir: we had to replace one which had worn out, so that took the last one that we were holding in reserve.

The CHAIRMAN. Is there any boiler in any one of the departments that could be utilized? The Shipping Board, as I understand, has a very large number of boilers which they are selling.

Mr. HESS. All of their boilers are different, and they are low-pressure hot-water boilers. I do not think that we could use them for the greenhouses. I will ascertain and let you know.

The CHAIRMAN. It seems to me that if we have any equipment of this sort anywhere in any of the departments that is surplus from the

war that we ought to use it. I understand that they have a large number.

Mr. HESS. Before we purchase we always inquire of the Supply Committee if they have such articles as we may need on hand.

The CHAIRMAN. That is one of the rules?

Mr. HESS. Yes, sir.

The CHAIRMAN. And you always comply with that rule?

Mr. HESS. Yes, sir; always.

The CHAIRMAN. You think there is no escape from this appropriation of $3,000 on account of the fire?

Mr. HESS. No, sir.

The CHAIRMAN. And you have to have the repairs to the comfort station?

Mr. HESS. Yes, sir.

The CHAIRMAN. Were the greenhouses affected in any way by the fire?

Mr. HESS. Yes, sir.

The CHAIRMAN. And the packing shed roof was burned?

Mr. HESS. Yes, sir; that is very dangerous. For instance, there is a part of the weather vane on the conservatory which was constructed in 1876, and which weighs about 150 pounds, that was blown off during the recent storm.

The CHAIRMAN. And an individual near might have been injured?

Mr. HESS. Yes, sir. This [exhibiting] is a photograph of some buildings that have been damaged by fire that we will have to make repairs to.

The CHAIRMAN. When did the fire take place?

Mr. HESS. If I remember aright, on the night of December 4, 1921.

The CHAIRMAN. Was this $3,000 included in the estimates in the legislative bill?

Mr. HESS. No, sir.

The CHAIRMAN. If the appropriation made by the legislative committee has sufficient money in it to do this work, would not that meet your case?

Mr. HESS. We could not take it out of that, Mr. Chairman, because we figured and cut our estimates very close.

The CHAIRMAN. In the legislative bill?

Mr. HESS. Yes, sir. This work should be done immediately, and after having had estimates made we find that it will require the $3,000 that we have requested.

TUESDAY, FEBRUARY 14, 1922.

LIBRARY OF CONGRESS.

STATEMENT OF MR. HERBERT PUTNAM, LIBRARIAN.

CONTINGENT EXPENSES.

The CHAIRMAN. For "Contingent expenses of the Library" you are asking $1,000. Will you be kind enough to tell us the importance and necessity of this?

Mr. PUTNAM. We have two photostat machines that are busy in part with the work for the Library, properly incidental to our own

inistration, but in part for the public, where some one outside of Library wishes to have a photostat copy of a map or a manu-pt or pages of a book or what not. We do that for him, so far ur operators are at leisure, but we charge him for it. We make that the charge more than offsets the cost to the Government, of course, the materials that we use we have to buy out of this . Last year they cost us—I gave that in my original estimate.

he CHAIRMAN. How much of an unexpended balance have you of the 1922 appropriation; what balance?

r. PUTNAM. We have not enough to carry us through the year keep on buying these supplies. I will insert the balance.

r. WOOD. What becomes of the money you receive?

r. PUTNAM. It is covered into the Treasury. We covered $1,700 the Treasury last year.

he CHAIRMAN. You are asking for $1,000?

r. PUTNAM. Yes, sir; only to carry us through the year.

he CHAIRMAN. What is the meaning of the language, "including exceeding $500 for expenses of attendance at meetings"?

r. PUTNAM. That is the original phrasing of the appropriation; nothing incidental to this.

he CHAIRMAN. No part of that is included in the $1,000?

r. PUTNAM. No, sir.

he CHAIRMAN. This is purely for photostat paper?

r. PUTNAM. Yes, sir.

r. BYRNES. You do not care for that provision?

r. PUTNAM. No, sir; I do not care for that. That is only in the eral phrasing of the appropriation. I will send over for the t statement of the balance. I apologize for not having it with me.

he CHAIRMAN. $1,700 was covered into the Treasury last year?

r. PUTNAM. Yes, sir.

he CHAIRMAN. What quantity of paper have you on hand now?

r. PUTNAM. That does not appear in this statement. We have a little on hand from week to week.

he CHAIRMAN. Do you buy it weekly?

r. PUTNAM. We buy it through the supply committee as we l it.

he CHAIRMAN. They have it on hand?

r. PUTNAM. They award the contract. We order direct from the tostat corporation.

SALARIES—LEGISLATIVE REFERENCE.

he CHAIRMAN. In House Document No. 171 there is the item:

laries, Library of Congress—legislative reference: To enable the Librarian ongress to employ competent persons to gather, classify, and make avail-in translations, indexes, digests, compilations, and bulletins, and other-data for or bearing upon legislation, and to render such data serviceable ongress and Members thereof: *Provided*, That not to exceed one person be employed hereunder at a rate of compensation exceeding $3,000 per m, $6,500.

he amount appropriated for the current [illegible] 000.

v much of that have you expended?

STANFORD LIBRARIES

Mr. PUTNAM. This statement shows exactly the situation. On February 1 we had a balance of $6,698.49:

Legislative reference division.

Estimated charges, Feb. 1–June 30	[1] $13,235.73
Balance of appropriation, Feb. 1	6,698.49
Deficiency	6,537.24

The estimated charges are merely:

The actual present roll—aggregating $2,362.77 per month	$11,813.85
Administrative assistant, at $3,000 per annum—for 3½ months (position at the moment vacant, but indispensable)	853.13
1 assistant at $2,000—for 3½ months (position at the moment vacant, but indispensable)	568.75
Total	13,235.73

The above covers merely the staff as it was before two recent resignations.

	Per annum
Administrative assistant	$3,000
4 assistants at	2,000
3 assistants at	1,800
1 assistant at	1,600
1 assistant at	1,500
3 assistants at	1,400
4 assistants at	1,200
2 assistants at	1,080
2 assistants at	840
1 assistant at	780
1 assistant at	720
1 assistant at	600
1 assistant at	540

N. B.—The actual balance February 1, being but $6,698.49, the above pay roll ($2,455.40 per month) would completely exhaust it by April 21 and require the entire staff to be dropped then.

FEBRUARY 15, 1922.

The CHAIRMAN. How much of the year is yet to come, February 1 to June 30?

Mr. PUTNAM. Yes, sir. Our present organization would require to June 30, $13,235.73, leaving an estimated deficiency of $6,537.24.

The CHAIRMAN. Was the $25,000 appropriated for 1922 apportioned by months, as the law requires?

Mr. PUTNAM. No, sir. Our situation was this: We had last year $31,500, because in addition to the $25,000 we had a $6,500 deficiency appropriation last year. Now, with the deficiency we were enabled a year ago to keep up the force that we then had. We have not expanded it or taken on any new phase of work, but we have not reduced the force to the point of carrying through the year on the $25,000.

The CHAIRMAN. Why?

Mr. PUTNAM. Well, sir, I was confident that this being work for Congress it was best for us to keep up the staff while the demands were pressing, even if, when the appropriation came to an end, we had to disperse it.

The CHAIRMAN. The deficiency act, you recollect, provides that the appropriations set out for any given thing shall be apportioned

[1] See infra.

he beginning of the year by months or quarters and that the tment shall not be exceeded, and when Congress sets out an ap- priation of $25,000 for a given activity it should be assumed that : was the extent to which Congress would like to have that ac- ty go.

[r. WOOD. And should be expended during the year.

he CHAIRMAN. That is what I say.

[r. PUTNAM. I realize that the responsibility of an administrator pretty serious one in the face of that provision; and if it had ı a work of buying supplies, of entering into new contracts, I ıld not have had an alternative; but here were these people ady on the rolls and under the deficiency appropriation of last : had been engaged and maintained——

he CHAIRMAN (interposing). But, after all, if we are going to ıce the expenses of the Government, how are we going to be able lo it if the administrative officers pay no attention to the limit he expenditures set by Congress?

[r. PUTNAM. Well, that is very just, and I am trying to put my- absolutely in the place of the Appropriations Committee, but is a little different.

he CHAIRMAN. No; I think not.

[r. PUTNAM. We could absolutely cease this service April 21 if insisted upon it.

he CHAIRMAN. That would not be the best way to do it, it seems ıe. The best way to do would be to curtail within the limit set in the appropriation.

[r. PUTNAM. We gathered these people together and developed ı until they became highly expert. We had an appropriation of 000 a year for this service. When two years ago the appropria- was cut from $45,000 to $25,000 we had to let go some of the of them—I was holding on like grim death for them to remain— a year ago this subcommittee on deficiencies as supported by the ral committee added $6,500, making our appropriation $31,500. re seemed to be at least that much encouragement from the mittee to the maintenance of the force as it then stood.

he CHAIRMAN. After all, creating deficiencies in this way seems e equivalent to making appropriations through the administrative of the Government. Of course, not only the deficiency act pro- ts that, but the Constitution itself prohibits it. We all take an ı to obey the law and the Constitution. I seems to me in carry- out that oath that we ought to live within the letter of the , because an appropriation act is just as much a law as any other , and even though it might embarrass the activity it has always ıed to me that the responsibility should be placed where it ngs. That is, if the Congress says $25,000 and you are not able o the amount of work that should be done with $25,000 and it ıs out that you are not able to get the information that Congress : require, that the responsibility for the failure to do that is up 'ongress and ought not to be assumed by the administrative side he Government.

[r. PUTNAM. Mr. Chairman, I believe that any administrat er who disregards his responsibility ought to be rebuked.

he CHAIRMAN. We are not going to rebuke anybody.

Mr. PUTNAM. And that it would be perfectly just. I think in this particular case, however, it would be only fair for you to recognize that I had this alternative, to retain the force needed to do all the work that could be done efficiently, carry it along as far as we could, and then drop it.

The CHAIRMAN. What is the character of the information?

Mr. PUTNAM. It may be the preparation of some statement like this [indicating] that has been put into print by some committee, a digest of the "Sales Tax Laws of Canada, France, Germany, Mexico, and the Philippines," which was prepared for the use of the Committee on Finance, or this one, a digest on "The War Tax on Incomes, Assessed Profits and Luxuries," prepared for the Committee on Ways and Means.

The CHAIRMAN. Those pamphlets are furnished in response to requests from Congress?

Mr. PUTNAM. In response to requests from the committees: yes, sir. Those [exhibiting] were prepared from time to time, and a great many were prepared at the requests of individual Members. Here is a list of typical inquiries during the past few months.

Mr. WOOD. What does this force do when Congress is not in session?

Mr. PUTNAM. There are always inquiries throughout the year, even in the recess, and there is always the organization of material and the indexing of it.

Mr. WOOD. What information is furnished to anybody else other than the committees or Members of Congress?

Mr. PUTNAM. None; except as in the case of a representative of the Department of Justice, whom I have just left, who came there to ask for information which we happened to have on hand. If we happen to have any file not confidential, if we have made a compilation, we let him see it, but we never do any original work for such an outsider.

Mr. WOOD. Suppose somebody not connected with any official function would apply for some sort of information that I, as a Member of Congress, might apply for, would you furnish that information?

Mr. PUTNAM. No, sir. We are not allowed to do any work under the appropriation except for Congress. We are sympathetic to inquiries from any other government establishment. This man had asked the Naval Intelligence, the Commissioner of Navigation, and so on, and he got only partial information. He came to us and he is getting the rest. We do not do any original work for him, we do not compile anything, we do not digest anything, but if we have the information there we will let him see it. Indexes to the foreign statutes are very imperfect. The index of our Federal statutes kept up by this division is entirely complete.

The CHAIRMAN. How many employees have you in this division?

Mr. PUTNAM. We had 23 on the 1st of February.

The CHAIRMAN. What compensation do they receive?

Mr. PUTNAM. Here is a list of the employees and their compensation. There is nobody on the roll at the moment getting more than $2,000 a year.

The CHAIRMAN. There is one administrative assistant at $3,000.

Mr. PUTNAM. There was, sir, but that place is at this moment vacant. These [exhibiting] are some of the questions we have been asked to deal with in the last few months.

The CHAIRMAN. These are requests made of you?

Mr. PUTNAM. By Senators, Members, and the committees.

The CHAIRMAN. How many requests are handled?

Mr. PUTNAM. They would run up to about 1,600 for a Congress.

Mr. BYRNS. What is the general nature of this work?

Mr. PUTNAM. There are some samples, digests involving diplomatic relations, public finance, military affairs, merchant marine, tariff, education, and transportation.

The CHAIRMAN. Can not this information be obtained from any other place than the Government?

Mr. PUTNAM. One of the conveniences is this, Mr. Chairman. There is a good deal of raw material existing in the executive establishments, the Treasury Department, the State Department, and so forth. The primary duty of this division is to ascertain, first, whether it does exist or is likely to exist, and if it does exist, to make use of it before endeavoring to make a compilation. The fact that our people are likely to know if it exists and where, is becoming more and more obvious to Senators and Representatives using the service. If, for instance, the Treasury Department has the material in convenient form we get in touch with them. However, the Treasury Department may have it in some form which does not meet his exact purpose——

The CHAIRMAN (interposing). Is there any duplication of work?

Mr. PUTNAM. We try to avoid that. It is primarily upon us to avoid that.

The CHAIRMAN. How successful is it?

Mr. PUTNAM. I think it is pretty successful. I know that more and more duplication is saved by inquiries from Senators or Representatives or committees coming directly to us, because we have these lines right out to the departments, and in constant communication with them. If you were interested in a sales tax as operated in Italy you might think the Treasury Department would have the data. If it is merely figures they may; but very likely they haven't, or not in a form useful to you. The probability is that they would send to us to find them and the legislation from the original sources. The people they send can not equal the experts that we have had in such work.

The CHAIRMAN. People who can put their hands on the books?

Mr. PUTNAM. Experts in their use and also have who have the ability to present the data properly.

The CHAIRMAN. I was just wondering how this was used. I do not recall ever asking for information?

Mr. PUTNAM. No, sir. There are many Members of the House who do not use it, and there are many Members of the Senate who do not use it. But the men who do use it are the men who value it. That to me seems significant. If you were to ask Representative Burton—yet Mr. Burton is competent to dig out a thing for himself—if you ask him if this is a valuable service, you will get a pretty clear response.

Mr. BYRNS. I realize very well that the bureau can not discriminate as between the requests that come from Representatives and

Senators, and that when a request is submitted to the bureau for information, the bureau must furnish the information desired. However, I was just wondering if it were not possible that some Representatives and Senators are probably exceeding the purposes for which this bureau was organized. For instance, among these requests for information I notice the following: "How many different nations are there in the world?" "How many nations are now at war in the world?" Then they want to know the casus belli for each war; the number of men in the armies and navies of the world; data on the causes of war; data on political parties; the various party platforms, etc.

There are numbers of such subjects that I could probably point out, and, while I am not saying this by way of criticizing the bureau, by any means, because, as I said at the outset, I realize that when these requests come in it is up to the bureau to furnish the information if it is available; yet it does seem to me that there are Members of the Senate and House who are rather imposing on the bureau by asking for information that could be obtained very easily from other sources, or through their secretaries and the forces that Congress has provided for them. For instance, my attention was attracted a moment ago to some request for information that should have been obtained from the Census Bureau. Some of these questions are purely along the line of information that should come from the Census Bureau, and, of course, these requests for information take up the time of your employees.

Mr. PUTNAM. You will notice that those are the inquiries, and not the responses, and that is where the discretion that is vested in the bureau comes in.

Mr. WOOD. Do you refuse to answer them?

Mr. PUTNAM. We do not answer half of them.

Mr. WOOD. Suppose a Congressman writes in and asks what is the best time to set a hen. Would you answer that? That is just as sensible as some you receive.

Mr. PUTNAM. No, sir; we would have to say to him, "You will notice that the job of this bureau, and the job for which the appropriation is made, is to prepare data bearing upon legislation." We would get rid of that sort of request in that way, because the information requested has no bearing upon legislation. Many such requests we will get rid of by saying, "You will find these data in such a volume, and we are sending the volume over."

We may say to them that it is not within the scope of the bureau, or that some material sufficiently available already exists on the subject, or that it has no relation to legislation. Therefore, I can say to you that that list is not any indication of what the work done is, but it simply shows the character of the inquiries. We must segregate those that have no bearing upon legislation. You have put your finger on the danger, and that danger can only be met by a competent and very careful discrimination in the handling of the work.

The CHAIRMAN. Do you not think that the bureau should use discretion in saving expenses, so as to live within the appropriation?

Mr. PUTNAM. You will realize that the work of such a division could be as big as a lump of chalk—that is to say, you can make it much or little.

The CHAIRMAN. This number of people ought to be able to furnish a lot of information.

Mr. PUTNAM. They could if they were all experts. But there is no person now here receiving over $2,000, which is the salary of a high-grade clerk. You can not do this work properly and effectively with the number of people in the force, or with a force that does not include a sufficient number of people grounded in law and economics, and people with a knowledge of foreign languages. There are four States that appropriate more than $25,000 a year for legislative reference bureaus that they maintain for their own legislatures. Yet consider the volume of important questions coming before Congress to-day and the literature that they involve, as against those coming before State legislatures.

The CHAIRMAN. For example, they ask how many men there are in the Army.

Mr. PUTNAM. No, sir.

The CHAIRMAN. And how many nations there are in the world.

Mr. PUTNAM. Those inquiries are never answered by the Legislative Reference Bureau. We have Representatives telephone over and ask for books on various subjects, but inquiries of that sort are answered by the Division of Bibliography. They inquire, for instance, as to the spelling of Muscle Shoals.

The CHAIRMAN. Why do they not look in the dictionary?

Mr. PUTNAM. In that particular case, it must be followed up.

The CHAIRMAN. Do you think it proper that they should ask you how to spell a word like that?

Mr. PUTNAM. There is some dispute about it, but since 1794 it has been spelled M-u-s-c-l-e Shoals. There has been some very serious discussion of that question and some one must distinguish between what is relevant and what is irrelevant, what is important, and what is not important.

The CHAIRMAN. The relevant thing to me, and I think to the committee, is this, that you should carry on this activity within the scope of the limitations as set out in the appropriation.

Mr. PUTNAM. We had $31,500 last year and there was no question raised when I came before the deficiency subcommittee last year. The subcommittee raised no question as to whether we should keep up that minimum force that we had.

The CHAIRMAN. We are living in an era of the strictest economy. It is the purpose and determination of this committee to keep within the revenues if it is possible to do so, and the people all over the country are demanding constant effort on our part to do that.

Mr. PUTNAM. But this is apparatus for Congress. This is not anything outside of your own apparatus. Here is a letter from Judge Little, chairman of the committee on revision of the laws, from which I read as follows:

The Legislative Reference Bureau in the Congressional Library is by far the most useful assistance that a Congressman can have, among all the things that go to help the Congressman. My experience for 22 months in assembling the code was, of course, much more extended and laborious than was ever devolved upon any other Congressman, and that outfit was the most useful support that I had. It is absolutely almost invaluable to any Congressman who wants specific, prompt help about any legislation.

Now, that is the experience of one Member.

The CHAIRMAN. That has reference to the Legislative Bureau that helps the committees to prepare bills.

Mr. PUTNAM. No, sir; Judge Little is not speaking of the drafting bureau. That is something different. He is referring to the indexes we have. We have the only complete indexes to the United States Statutes, and we have one section at work on them. You ask Mr. Porter, the chairman of the Committee on Foreign Affairs, how often he has used this service and how valuable it has been to him. Ask Mr. Fordney, the chairman of the Ways and Means Committee. Ask the men who use this thing every day. I have some satisfaction in the repute of this library as a national library; but a great chagrin that as a library for Congress it isn't doing all that it might do.

It is a shame that the library is not of more effective use to Congress than it is. The reason it is not of greater use is because we fail of adequate service in this division. It should be the connecting link with our collections; an intermediary that will make our 3,000,000 books of real and effective use to Congress. All that it requires is a little more expenditure in order to get a few more really competent people there that can handle the work.

Mr. WOOD. Is it the purpose of this estimate to enable you to get more competent men, or to enable you to keep the employees that you have?

Mr. PUTNAM. To enable us to keep this little mixed force that we now have. If I do not get this appropriation, I shall have to disband this entire force on April 21.

The CHAIRMAN. Not necessarily.

Mr. PUTNAM. The present appropriation will last us for the present force only until April 21, and if the men who are interested in this have not sufficient interest in it to extend it further, I shall have to drop it on April 21.

The CHAIRMAN. That is not the way to do it, and I do not think it is a fair way to state it. I want to be very sympathetic, but that puts this committee up against a situation that should not exist. To say that if you do not get this money, you are going to disband the force, is not the proper way to put it, because all of that difficulty could have been obviated by dispensing with the services of about three people at the beginning of the year. Then we would not have this situation. Now, if we are forced to make an appropriation just because that was not done by you in the administration of the fund, we will be placed in a rather embarrassing situation, and one which ought not to exist.

Mr. WOOD. You should have cut your cloth to fit the goods. You cut too much cloth for the appropriation you had, and in consequence you will run out of money on the 21st of April.

The CHAIRMAN. The tendency of the departments in this, and we have been trying to impress them with the iniquity of that tendency: We make an appropriation for $1,000,000, and we assume that the $1,000,000 will be divided up into monthly allotments, but what happens? The spending officer divides up $1,400,000 into monthly allotments and spends at the rate of $1,400,000 a year. Then they come back here for a deficiency and say, "We can not get along without

this deficiency, because we have paid no attention whatever to the limits of the appropriation." Now, we must live within the appropriations that are made. Of course, if an emergency should arise, nobody will meet that emergency any more promptly than this committee.

Mr. PUTNAM. You should recognize a distinction between expanding an organization and just preserving intact the machine that has been operating up to a certain point of efficiency. You should take into view the interest that Congress has in this service. For those who want this service, we can keep it up as long as it will go with the money available, and then we must stop it. It was not proposed to expand it.

Mr. WOOD. Congress appropriated for this purpose $25,000. That was the appropriation made for the continuation of this service for a year, and it was up to you as the administrative officer of the library to continue the service throughout the year on the $25,000. Congress told you to make the $25,000 last for the year in this service, and you did not do it.

The CHAIRMAN. The amount of money involved in the matter is small, and we are more concerned about the principle involved.

Mr. PUTNAM. I have been here for 23 years, occupying this post of librarian, and I have never come before a deficiency committee and asked for an appropriation that was not within the estimates originally submitted. No question has heretofore been raised when it was within the estimate.

The CHAIRMAN. That is upon the theory that we do not make appropriations, but that the estimates make the appropriations.

Mr. PUTNAM. I am asking for the restoration of what we had two years ago——

Mr. WOOD (interposing). The thing to do now is to reduce the force so as to live within the appropriation of $25,000.

Mr. PUTNAM. Here is what we have done: The Budget Bureau took away an administrative assistant at $3,000, and I have not replaced him. The man who was heading the index section has been transferred to the law librarianship, to the loss of both services, so as to have his salary on this roll. Another man at $2,000 was taken away by the Budget Bureau, and I have not filled his place yet. Another has since been taken by the Federal Trade Commission at 100 per cent more salary, and I have not filled his place. The situation remains just as the figures here show. I suppose everything you state applies to any deficiencies.

The CHAIRMAN. We are not making this statement to you personally, Mr. Putnam, and we do not want you to think that we are harsh with you, but what we want to do is to impress you with the fact that deficiencies are not going to be encouraged in any department. There may be conditions under which deficiencies may be justified.

Mr. PUTNAM. If an official comes in here before you with a deficiency, when he has had his original estimate granted, I suppose the deficiency is not allowed, but I have now come before this committee for a deficiency where my original estimate was granted.

Mr. WOOD. You have not regarded your original estimate yourself?

Mr. PUTNAM. I am speaking of the original estimate submitted.

Mr. WOOD. You estimate that you need a certain sum of money for a particular function, and Congress in passing upon that estimate makes an appropriation of a certain amount. When that is done, it is your duty to live within the appropriation. If you can not live within it and the service fails, then let the censure fall where it belongs.

Mr. PUTNAM. I am living within the appropriation in every respect except this, that I have not apportioned it by months. I was exercising a sound discretion which I think Congress itself would approve.

Mr. WOOD. But Congress did not approve it.

Mr. BYRNS. As I understand it, you have the same force, with the exception you have named, that you had during all those years, or the force that you have trained in this work?

Mr. PUTNAM. It was cut down by the reduction in the appropriation to $25,000.

Mr. BYRNS. I take it that you have kept those who made the better records over there?

Mr. PUTNAM. Yes, sir; we have hung on to the people that we could hang on to.

Mr. BYRNS. And this is simply to continue that force until July?

Mr. PUTNAM. Yes, sir.

Mr. WOOD. This is to continue the force that you had at $45,000?

Mr. PUTNAM. At $31,500.

Mr. WOOD. But Congress told you to continue business at $25,000.

The CHAIRMAN. You can easily see what a fix we would be in if the estimates should be the basis of the expenditure. If that were the case, what use would there be for the committee?

Mr. PUTNAM. My normal estimate was $70,000. Two years ago I had $45,000, and last year you gave me $31,500. That is what I have been working to.

Mr. WOOD. Last year you got a deficiency of $65,000?

Mr. PUTNAM. That made the $31,500, and that is what I am working to this year.

Mr. WOOD. The fact of the business is that you should not have been given that $6,500 in the last deficiency. That is what encouraged you to violate the law again. You violated it then and received a deficiency of $6,500, and that encouraged you to do it again.

The CHAIRMAN. I do not believe there is anything more to be said about this.

FEBRUARY 14, 1922.

MY DEAR MR. CHAIRMAN: The information desired as to the deficiency appropriation for contingent expenses for the Library of Congress is as follows:

The amount of the appropriation is	$8,000.00	
The amount expended	5,737.67	
		$2,262.33
Outstanding orders		1,303.29
Balance available for expenditure		959.04

Prospective expenses for ordinary stationery supplies (including typewriter supplies), for postage, for travel, and for miscellaneous items required to be met out of this appropriation will fully exhaust the entire balance.

The deficiency requested is required for photostat paper and chemicals.

We have now on hand only 7 rolls of the paper (as it deteriorates we buy in small quantities). We shall need 50 additional rolls to carry us through the balance of the fiscal year. The cost of these, with the incidental chemicals, will be the deficiency estimated, $1,000.

Very respectfully,

HERBERT PUTNAM, *Librarian.*

Hon. MARTIN B. MADDEN,
Chairman Subcommittee on Deficiencies, House of Representatives.

TUESDAY, FEBRUARY 14, 1922.

GOVERNMENT PRINTING OFFICE.

STATEMENT OF MR. GEORGE H. CARTER, PUBLIC PRINTER.

PAYMENT FOR LEAVES OF ABSENCE.

The CHAIRMAN. Mr. Carter, we are confronted with a problem here that seems to be troubling you. To enable the Public Printer to pay accrued leave on account of deaths and separations from the service for the remainder of the fiscal year you are asking $45,000. Will you explain how that comes about?

Mr. CARTER. That is a situation that I pointed out to the committee, in connection with the deficiency last November, as one that probably would come about because of the present and prospective reductions in the force of employees of the Government Printing Office. Under the present arrangement of the appropriation paragraphs, leaves of absence must be paid out of one appropriation and wages of employees out of the other; so that, as the Public Printer reduces the number of employees there is a decrease in the amount of wages to be charged against one appropriation and an increase in the amount charged against the leave-of-absence appropriation.

The CHAIRMAN. But you save in the other item of wages?

Mr. CARTER. Yes, sir.

The CHAIRMAN. It makes a heavier expenditure under the appropriation carried in this particular item?

Mr. CARTER. Yes, sir. The committee has corrected this situation in the appropriation for next year by combining the leave and wage appropriations in one paragraph, so that hereafter there ought not to be any requests for deficiency appropriations on account of leaves or holidays granted according to law.

The CHAIRMAN. Your note on this subject reads as follows:

It is suggested as an alternative to making a supplemental appropriation for this purpose that a paragraph substantially as follows be enacted:

"In order to provide the payment for pro rata leaves of absence in the Government Printing Office in 1922 there shall be transferred on the books of the Treasury from the appropriation for the public printing and binding, 1922, to the appropriation for leaves of absence, Government Printing Office, 1922, and thus made available for requisition by the Public Printer, such amounts as the Public Printer may certify are necessary for that purpose, and such transfers shall be upon his request."

Mr. CARTER. If that language were inserted in the present bill there would be no necessity for making a deficiency appropriation, because we would then simply pay the amount of leave employees

may have earned out of the appropriation for printing and binding the same as wages.

The CHAIRMAN. Your appropriation has been combined in that way for 1923, has it not?

Mr. CARTER. Yes, sir; but we can not do that with this year's appropriation.

The CHAIRMAN. This will simply give you the right to use the money that you already have?

Mr. CARTER. Yes, sir.

The CHAIRMAN. It would not have to be appropriated?

Mr. CARTER. No, sir. The money now available for paying wages is not available for paying the leaves of absence without some such an authorization as I have proposed.

The CHAIRMAN. Which is the equivalent of wages?

Mr. CARTER. Yes, sir. All the employees when separated from the service have a legal right to their leave money.

The CHAIRMAN. If we authorize you to charge the amount paid to employees of the Government Printing Office against the appropriation for pay of employees rather than against the appropriation for leave, making the two appropriations usable, you would not need any additional money at all?

Mr. CARTER. We would not. We have the money available in the appropriation for wages, and I would use that.

The CHAIRMAN. You would not use the other fund?

Mr. CARTER. No, sir.

The CHAIRMAN. It is because you are reducing the force in the Government Printing Office that you need more money to pay for leaves of absence?

Mr. CARTER. Yes, sir.

The CHAIRMAN. And when you make those reductions, you are not using the money that is available for the payment of wages?

Mr. CARTER. That is the situation. An appropriation has already been made for leaves of absence, including the deficiency last November, but that was simply to take care of the normal separations from the service by death and resignation, etc.

The CHAIRMAN. In making the appropriations for the fiscal year 1922 was it contemplated that as many reductions in the force would be made as are now being made?

Mr. CARTER. I did not estimate for that appropriation, which was made under my predecessor, but I do not believe it contemplated so many reductions. The former Public Printer estimated for $580,970 for leaves, and Congress appropriated $560,000, or $20,970 less than the amount estimated for.

The CHAIRMAN. Then, there was a deficiency appropriation.

Mr. CARTER. There was a deficiency appropriation of $17,618, making $577,618, which is practically equal to the amount that was estimated for leaves of absence consequent upon normal requirements and separations by death, resignations, etc.

The CHAIRMAN. How much have you reduced the force?

Mr. CARTER. We have 218 less employees to-day than there were in the office a year ago.

The CHAIRMAN. How much have you paid on account of leaves of absence so far this year?

Mr. CARTER. Up to the 17th of January, $414,417, and there was obligated to employees the amount of $163,201 more. The additional amount asked will take up the leaves of absence for employees who will be separated from the service between now and the 1st of July.

The CHAIRMAN. You are satisfied that there will be a sufficient number of separations to cover that amount?

Mr. CARTER. Yes, sir.

PRINTING AND BINDING FOR THE PATENT OFFICE.

The CHAIRMAN. There are two items for printing and binding for the Patent Office, amounting to $60,000.

Mr. CARTER. We do not want to be put in the position of asking for the appropriation, because it is immaterial to the Public Printer whether it is granted or not. The estimate was submitted by the Patent Office and not by the Government Printing Office.

The CHAIRMAN. What do you say about the necessity for it?

Mr. CARTER. It is not a deficiency item, but an appropriation for additional work that the Patent Office desires to have done.

The CHAIRMAN. It is not a deficiency?

Mr. CARTER. No, sir; at least, that is the way we view it. The Patent Office may view it as a deficiency so far as their work is concerned. Clearly, $30,000 of it is not a deficiency, because it is for the binding of German and other foreign patents. That is work that has not been provided for in current appropriation for printing and binding.

The CHAIRMAN. That is, not in the estimates?

Mr. CARTER. The Patent Office has estimated for it in this deficiency, but it is not work that they previously submitted to the Government Printing Office.

The CHAIRMAN. What is the necessity for asking for the binding of these patents just now as an emergency matter?

Mr. CARTER. We could handle it with greater expedition at this time than we could have done at any time in the past, because work in our bindery is slack now.

The CHAIRMAN. Is that the only reason for asking the money, or because work is slack in the bindery?

Mr. CARTER. The Patent Office wants the appropriation because it is essential to their work to have foreign patents bound up from time to time. Of course, that is a matter that I am not qualified to pass upon.

The CHAIRMAN. You think it it is not a deficiency?

Mr. CARTER. It is not a deficiency.

The CHAIRMAN. You are not able to say whether it is essential or not?

Mr. CARTER. I am not prepared to say as to that.

PRINTING AND BINDING FOR SMITHSONIAN INSTITUTION.

The CHAIRMAN. For printing and binding for the Smithsonian Institution there is an estimate of $5,200.

Mr. CARTER. This printing and binding for the Smithsonian Institution is for completing certain reports of the American Historical

Association, which have been in the office for some time. The particular jobs they want finished were in the office before I became Public Printer.

The CHAIRMAN. How long have you been Public Printer?

Mr. CARTER. Since the 5th of last April.

The CHAIRMAN. It is not an emergency, then?

Mr. CARTER. It is not an emergency, as I understand it.

The CHAIRMAN. How long has the work been there?

Mr. CARTER. Some of the jobs have been in the office for a year or two. They contend that by this appropriation, because, as you will notice, it is made available until expended, they can clean up the work which has been pending in the office for some time and thus begin the next fiscal year clear. They claim, I understand, that they can then keep within their appropriation.

The CHAIRMAN. They can keep within their appropriation anyway.

Mr. CARTER. The item is not a deficiency so far as this year is concerned, because we will not be able to use all of it for work done before July 1.

Mr. WOOD. Are they supposed to have an appropriation under which to do this work?

The CHAIRMAN. It may be included in the appropriation for 1923.

Mr. WOOD. I was wondering if it was included in the appropriation made in the independent offices bill.

Mr. CARTER. I am informed that it was not included and that, if it is not carried here, this $5,200 will have to be charged against the regular appropriation for next year. They will thus be that far behind again.

Mr. WOOD. Would not the work be held up?

Mr. CARTER. The work can be done in the next fiscal year.

Mr. WOOD. It can not be done without an appropriation. How will they do this work?

Mr. CARTER. Out of their regular appropriation.

Mr. WOOD. And then present this item again next year?

Mr. CARTER. The trouble is, they will have other work also that will be much needed next year.

The CHAIRMAN. They will have money enough in the appropriation for 1923 to do this work?

Mr. CARTER. They will have money enough to do this work, but not money enough to do this work and their ordinary work so as to keep current.

The CHAIRMAN. We are not sure about that. You are not sure about that, are you?

Mr. CARTER. I am sure that they can not use the $5,200 between now and the 1st of July.

TUESDAY, FEBRUARY 14, 1922.

EFFICIENCY BUREAU.

STATEMENT OF MR. HERBERT D. BROWN, CHIEF.

The CHAIRMAN. It seems that you have an item asking for $10,000 in addition to what we gave you for 1922. What is the trouble?

Mr. BROWN. There is no trouble, Mr. Chairman. We need $10,000 additional to pay our current operating expenses.

CHAIRMAN. Please tell us why?

BROWN. In the legislative bill for the current year you gave 25,000. For several years our operating expenses have run en $140,000 and $145,000, and we do not see how we can re- our expenses down to the amount given us in the legislative ıd do the work that we are required by law to do.

CHAIRMAN. There is no special amount of work required, is You regulate that, do you not?

BROWN. We can regulate that somewhat, but it is difficult for refuse to do work that means a saving of money to the Gov- nt of from 10 to 100 times as much as it costs.

CHAIRMAN. Now, first, did you ever read the deficiency act?

BROWN. Yes.

CHAIRMAN. Have you any recollection of what it says?

BROWN. Yes; I have.

CHAIRMAN. Please tell us about it.

BROWN. The deficiency act forbids a person in charge of an istrative branch of the Government from incurring obligations ess of the amount of money that is given him for the work. I ıever violated that law.

WOOD. But you have done this.

BROWN. This request for $10,000 is in anticipation of the time our current appropriation will be exhausted. If you do not s the money, we will have to suspend our work.

CHAIRMAN. This law requires you to make an apportionment amount of the appropriation when it becomes available in ly or quarterly allotments and not to exceed the allotment dur- e period?

BROWN. No.

CHAIRMAN. Yes; it does. Instead of spending at the rate of) in excess of the appropriation you should continue the ex- ures within the appropriation?

BROWN. No. If I may argue that point——

CHAIRMAN (interposing). I do not want to argue. Just please he facts.

BROWN. Last year we had $145.000. We have been reducing rce as rapidly as we could and at the same time do the work ed of us, and we shall continue to reduce our force until it is :o $125,000 if we do not get this money.

CHAIRMAN. When there is a certain amount of money appro- l, that is what Congress wants you to expend.

BROWN. We have never spent any more money than Congress ven us since I have been in charge of the Bureau of Efficiency; e never created a deficiency.

CHAIRMAN. What is this?

BROWN. This is not a deficiency.

CHAIRMAN. You have no place here.

BROWN. This is the amount that I should like to have to enable ontinue our present force. We have reduced our force under t was last year, and if we are not to get this money we will it still further.

CHAIRMAN. You say it is not a deficiency?

BROWN. No, sir.

The CHAIRMAN. That settles it; there is nothing more to be said about it as far as I am concerned.

Mr. BROWN. I should like to say one word more?

The CHAIRMAN. Certainly.

Mr. BROWN. Of course, I understand if it is not a deficiency it may technically be said to have no place in this bill.

The CHAIRMAN. That is the point.

Mr. BROWN. But, Mr. Chairman, everyone who has taken the trouble to look into our work, I believe, feels that our work is extremely profitable to the Government.

The CHAIRMAN. I have not any doubt about that; I am not making any complaint about your work.

Mr. BYRNS. What is your present balance?

Mr. BROWN. We have a balance now of $47,016.71.

The CHAIRMAN. You have only four months to run?

Mr. BROWN. We need $9,983.29.

The CHAIRMAN. On the basis of the appropriation you have the four months' requirement?

Mr. BROWN. No; we also need $1,360, as nearly as we can estimate it, for contingent expenses.

The CHAIRMAN. This committee has made up its mind that there will be no deficiency if it is possible for us to avoid it. We also have made up our minds that when an appropriation is made, that is the limit of the expenditure that we want to go. That is a mandate to the bureaus. We have only one job to do and that is to conserve the Treasury.

Mr. BROWN. I am perfectly sure of one thing, Mr. Chairman, and that is this: If in that great business organization of yours out in Chicago you could earn an annual dividend of a thousand per cent on all the capital you could get, you would certainly try to get more than $125,000. That is our situation precisely. If you do not want us to earn that dividend on more than $125,000 we shall not make any complaint, because it is not our money that is being lost.

The CHAIRMAN. It is a question of obeying the law.

Mr. BROWN. You can depend on that, that we shall not create a deficiency in the technical sense of the term, but it does seem unfortunate if we have to disband our force and then, perhaps, increase it after the 1st of July. I have striven for nine years to build up a force capable of doing the work that we are required by law to do. We have urged for years that we be given enough money in the legislative bill to pay our operating expenses.

The CHAIRMAN. After all, Congress is responsible.

Mr. BROWN. But the Budget Bureau has recommended that we be given enough money to do our work.

The CHAIRMAN. We are not bound by anything the Budget recommends.

Mr. BROWN. I am not arguing that; I am simply saying what the Budget has recommended.

The CHAIRMAN. What we want to impress upon everybody—we have not selected you to make this statement—is that Congress will make the appropriations and that no department of the Government will be permitted under them, in advance, or to create a condition that will force Congress to appropriate a deficiency unless the condition is serious and emergent.

Wood. Here is the point. When the last Congress appro-
d $125,000 it was your business to allot so much of that per
ı during the 12 months.

Brown. It we had work to do that was sufficiently urgent I
it would be our duty, if necessary, to spend all of our appro-
on in one month.

Wood. No; to make it last a year.

Brown. That question was brought up in 1918 at the hearings
urgent deficiency bill for that year (p. 14) when Mr. Sherley
hairman, and I got the impression that he did not think that
w required us to adhere strictly to a monthly allotment if we
ork to do that required an expenditure at a greater rate than
elfth of our appropriation each month. It seems to me that
ould do our work within the time required by law even if we
nd our appropriation at a rate in excess of our monthly allot-

Chairman. We do not agree with that.

Wood. That is what has encouraged deficiencies.

Chairman. We do not agree with that at all. The theory on
we make an appropriation is that there should be allocated
hat portion necessary for any one month.

Brown. It is entirely your matter, not mine.

Chairman. That is what we decided long ago.

Thursday, February 16, 1922.

DISTRICT OF COLUMBIA.

**EMENTS OF MR. CUNO H. RUDOLPH, COMMISSIONER; COL.
RLES KELLER, ENGINEER COMMISSIONER; MR. DANIEL J.
OVAN, AUDITOR; HON. GEORGE C. AUKAM, JUDGE MUNICI-
COURT; DR. F. W. BALLOU, SUPERINTENDENT DISTRICT
OOLS; MR. ROY O. WILMARTH, FINANCIAL OFFICER DIS-
CT SCHOOLS; MRS. ELLA H. WEST, BOARD OF CHILDREN'S
RDIANS; AND MR. GEORGE S. WILSON, SECRETARY BOARD
HARITIES.**

MUNICIPAL COURT.

COMPENSATION OF JURORS.

Chairman. For compensation of jurors you are asking $1,000.
u need that because of an increased number of cases?

ge Aukam. We have 13 months in this year; the act took
in June, and we have to carry last June and this June. That
reason for it. The expense runs about $900 a month.

Chairman. That is a matter you can not control?

ge Aukam. No, sir.

Chairman. It depends on the cases tried and the number of
summoned?

ge Aukam. Yes, sir. There are two Junes in this year.

Chairman. And that accounts for it?

ge Aukam. Yes, sir.

STANFORD LIBRARIES

CONTINGENT EXPENSES.

The CHAIRMAN. The next item is for contingent expenses, and for the fiscal year 1921 you are asking $44.78. What is the explanation of that?

Judge AUKAM. A part of it is for books that were bought when this act went into effect. The bill amounts to about $17, and it should be paid.

Mr. SISSON. That is a 1921 bill?

Judge AUKAM. Yes, sir.

The CHAIRMAN. Is this an audited account?

Mr. DONOVAN. I will explain those two items. One is an item of $16.40 for 13 record books purchased by Judge Aukum in an emergency last June, at the time Congress passed the act enlarging the jurisdiction of the court.

The CHAIRMAN. What authority did the judge have to make this purchase?

Mr. DONOVAN. He proceeded on his own responsibility, I presume.

Mr. SISSON. You see, the court's jurisdiction was enlarged, and that necessitated the purchase of some additional dockets and books which were absolutely essential. I think the court would have the inherent power to make the purchase; at least, we have always construed it that way.

The CHAIRMAN. It is a small item, anyway, and I imagine there is not much use going into it. What is the next item?

Mr. DONOVAN. The second item is a voucher in favor of the Potomac Electric Power Co. for $110.96 for electric light.

The CHAIRMAN. Is that for 1921?

Mr. DONOVAN. Yes.

The CHAIRMAN. But you have only one item totaling $44.78.

Mr. DONOVAN. I was about to explain the two items. The first item amounted to $16.40 and the second item amounts to $110.96, making a total of $127.36. We have an unexpended balance in the appropriation of $82.58, which leaves $44.78 to be furnished in order to settle these two accounts.

Mr. SISSON. In other words, your $82.58 balance can be applied to these two items?

Mr. DONOVAN. Yes, sir.

Mr. SISSON. Leaving unpaid $44.78?

Mr. DONOVAN. Yes, sir.

Mr. SISSON. You say the second item amounts to $110.96. Was that as a result of your contract or agreement with the company?

Mr. DONOVAN. That is for the electric light furnished in the month of June, 1921, and at the usual rates paid for that service.

The CHAIRMAN. So that $44.78 is the balance you need?

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. What about the $865 for the fiscal year 1922—what does that consist of?

Judge AUKAM. That consists of the telephone, laundry, electric light, jackets, fuel, 30 tons of coal, and supplies.

The CHAIRMAN. By what authority do you run in excess of the appropriation?

Judge AUKAM. We have not run in excess of the appropriation. We need that amount to get through.

e CHAIRMAN. This is not a deficiency?
dge AUKAM. Not an existing deficiency, but we will have to the court; we can not run.
·. SISSON. In other words, your funds now are such that before st of July they will be depleted by this amount of money?
dge AUKAM. Yes, sir.
·. DONOVAN. There is no deficiency in the current appropriation. amount is recommended as absolutely necessary to carry the ce through the balance of the year.
·. SISSON. You allotted your appropriation as the law requires?
·. DONOVAN. Yes, sir.
·. SISSON. And each quarter's allotment has fallen behind so you have to pay your bills out of the succeeding quarter?
·. DONOVAN. Yes, sir.
·. SISSON. After having done that, you find that you will ex- the amount by $865?
dge AUKAM. That is the estimate.
e CHAIRMAN. Why do you not live within the appropriation?
dge AUKAM. We do not know how it can be expected of us— re not able to. We will have to close the court, we can not get r on this small amount—we have five courts to care for. We to buy dockets, summonses, minute books, blanks, etc., which $500 or more this year.
e CHAIRMAN. This is not for summonses?
dge AUKAM. There is printing.
e CHAIRMAN. It may be just as well understood now as any that there is a deficiency act that controls the expenditures quires those who have the spending of money to live within appropriations. An appropriation law is just as much a law e Constitution of the United States. While it has been the ice in the past for those who spend money not to pay any tion to the appropriation, to make such expenditures as they ed proper from time to time, that is not going to be permitted.
dge AUKAM. That has not been the practice in the municipal
·. SISSON. As a matter of fact, many of the expenditures of your are authorized by law?
dge AUKAM. Yes, sir.
·. SISSON. The law puts certain duties upon the court to perform?
dge AUKAM. Yes, sir.
·. SISSON. And in the performance of those duties, the matters e the law requires you to furnish subpoenas, blanks, etc., you got to have those?
dge AUKAM. Yes, sir.
·. SISSON. And then, there is the expenditure of money which lid not anticipate by virtue of the increased business?
dge AUKAM. Yes, sir. The result is, if we are not to buy any- —of course, we have no desire——
·. SISSON (interposing). The municipal court is the most eco- cal branch in the municipal government and the most economical ch in any government, so far as I know.
dge AUKAM. We have been very foolish in the matter of econo- se we have gotten to that point where we can not run.

LIBRARIES

The CHAIRMAN. It is not a question of being foolish. You have to obey this law like any other law.

Judge AUKAM. We ought to know; we are supposed to know that. We certainly have attempted to run it as economically as we possibly could.

The CHAIRMAN. The question is to live within the appropriation.

Judge AUKAM. We will have to close the court.

The CHAIRMAN. What are the items?

Judge AUKAM. We are running five courts. We are expected to run on just what one single court in this district gets. We are expected to run for $2,500 when the police court gets $5,000 with the two courts. It can not be done; that is all there is to it.

The CHAIRMAN. What are the items?

Judge AUKAM. Laundry, ice, electric current——

The CHAIRMAN (interposing). Ice, is that a part of the needs of the court?

Judge AUKAM. Yes; we use ice in the coolers.

The CHAIRMAN. Anything else?

Judge AUKAM. Printed matter, $50.

The CHAIRMAN. How do you buy the printed matter?

Judge AUKAM. Under public bids or the District contract.

The CHAIRMAN. By the court?

Judge AUKAM. We simply order the paper and printing through the district purchasing office.

Mr. DONOVAN. On the district contract, through the purchasing officer.

Judge AUKAM. Manila jackets in which to place the papers in individual suits. Fuel, that is 30 tons of coal, $390.

The CHAIRMAN. What kind of coal do you use?

Judge AUKAM. Hard coal.

The CHAIRMAN. And it costs $10.90?

Judge AUKAM. I think about that. Janitor supplies, $25. Miscellaneous items, $100. I should like to say, Mr. Chairman, if you will permit, that this court has been saddled with, I think, a thousand or fifteen hundred extra cases in order to relieve the supreme court. That naturally causes more expenses and causes more printing and more jackets. We are now a court of record. We have to purchase minute books, which cost considerable money. The exclusive jurisdiction of the court has been increased ten times.

Mr. BYRNS. I can understand how it would be difficult to make an allotment of that part of the business of the court due to the increased jurisdiction?

Judge AUKAM. Yes, sir.

Mr. SISSON. I doubt whether you would ever have had any deficiency but for this increased amount of business?

Judge AUKAM. That accounts for a large portion of it. In turn we have relieved the supreme court and allowed them to go ahead with their calendar. They have cleared their docket on the circuit side.

Mr. SISSON. Please put in the record a statement showing how your business has been increased.

Judge AUKAM. We are running 2,186 cases a month now. By reason of the enlarged jurisdiction, 940 extra cases since June last.

e CHAIRMAN. How does that compare with last year?
lge AUKAM. That is four or five hundred more than we had
e.
e CHAIRMAN. Can you give us a correct record?
lge AUKAM. I can, but I do not have it with me.
. SISSON. Please put it in the record.
lge AUKAM. Yes, sir. Record shows that from June 1, 1920, to
ary 31, 1921, both inclusive, 15,642 cases; that from June 1,
to January 31, 1922, both inclusive, 17,488 cases, making a total
ase of 1,845 cases. The amount of the fees have made the
self-supporting, except the $10,000 for the cost of the jury.
fees are very small, a dollar and something in a case. The
liction now is $1,000. Out of the 15,000 cases tried since the
system went into effect less than 1 per cent of the cases have
tried by jury, the rest having been tried without a jury.

CONTINGENT AND MISCELLANEOUS EXPENSES.

. RUDOLPH. We ask for an appropriation of $5,000 to bring the
up to what was asked by the commissioners last year, namely,
00.
e CHAIRMAN. That is not a deficiency?
. RUDOLPH. Not yet; no, sir. Our offices are not functioning
ively for the reason that we can not get proper and adequate
ment and supplies.
e CHAIRMAN. You asked for $50,000 and were given $45,000?
. RUDOLPH. Yes, sir.
e CHAIRMAN. You were given $45,000 in 1919, $45,000 in 1920,
45,700 in 1921; you had a deficiency of $2,500?
. RUDOLPH. Yes, sir.
e CHAIRMAN. The only reason you are coming back for this
is that the estimate you made for 1922 was cut $5,000?
. RUDOLPH. Yes, sir; we need the extra $5,000.
e CHAIRMAN. In other words, you want to make the appropria-
nstead of having Congress do it?
. RUDOLPH. No, sir; I have no such desire.
e CHAIRMAN. What is the justification for asking for the defi-
y? It is not a deficiency.
. RUDOLPH. No; it is not.
e CHAIRMAN. Has the $45,000 been apportioned?
. RUDOLPH. Yes, sir.
e CHAIRMAN. How does the fund stand to-day?
. RUDOLPH. There is $14,000 left for the four months, as I
it.
e CHAIRMAN. How does that compare with the amount you
ed quarterly?
. RUDOLPH. We allotted approximately $11,250 per quarter;
eight-twelfths of the total appropriation has been expended.
e CHAIRMAN. You have lived within your allotment?
. RUDOLPH. We are going to; there is no question about that.
. KELLER. A part of that item comes through the increased
ties of the building and plumbing inspection, due to the greatly
ged building activities, and the same applies to the surveyor's

The CHAIRMAN. $5,000?

Col. KELLER. Yes, sir. To a large extent that money comes back.

The CHAIRMAN. There is no use of making appropriations at the beginning of the fiscal year and then coming back for the rest of it in the middle of the year. If we are going to have appropriations we will have to live within the appropriations. That is the way I feel about it.

GENERAL ADVERTISING, ETC.

Mr. DONOVAN. The next two items represent actual deficiencies in appropriations and also further represent amounts of audited claims. For the fiscal year 1921, $8, general advertising. You will note that the text of the appropriation reads, "advertising authorized and required by law." The item of $8 is due a publication known as the Oil, Paint, and Drug Reporter.

The CHAIRMAN. Would that have been paid if you had had the bill in time?

Mr. DONOVAN. No, sir; this is an actual deficiency in the appropriation.

The CHAIRMAN. Why did you not get that in before?

Mr. DONOVAN. Because the bill was not presented. You will notice that in 1921 we had a deficiency of $2,500. That amount has been fully expended.

The CHAIRMAN. So if this bill had been submitted in time you would not have had the money to pay it?

Mr. DONOVAN. It is an actual deficiency.

The CHAIRMAN. What about this one for 1921?

Mr. DONOVAN. For the fiscal year 1921, $1,746.22. That amount also represents an actual deficiency in the appropriation, and is covered by audited claims in the auditor's office.

The CHAIRMAN. Would you have had the money to pay those if the bills were rendered in time?

Mr. DONOVAN. No; that also is an actual deficiency. There is no appropriation left to pay these accounts.

The CHAIRMAN. Why did you not get that in sooner?

Mr. DONOVAN. You will notice that in 1921—that is the year I am speaking of—we had a deficiency of $2,500. We asked for that amount in advance, knowing that we would have a deficiency in the appropriation. Subsequently these various bills were submitted, which exceeded the deficiency appropriation of $2,500 by $1,746.22.

The CHAIRMAN. Do you not keep a record of the obligations you create?

Mr. DONOVAN. We do; yes, sir. We keep a record, but it is very hard to keep a record of advertisements, because it is extremely difficult to determine the number of lines that may appear in the several advertisements.

The CHAIRMAN. Do you not get a rate from the newspapers?

Mr. DONOVAN. Yes, sir; we pay the rates fixed by the several papers.

The CHAIRMAN. It seems to me that when you pay their own rates you should know how much you are contracting to pay.

Mr. DONOVAN. We only insert advertisements that the law requires us to.

r. SISSON. Do you not have a legal rate, so much a line for ad-
sements?
r. DONOVAN. For court advertising there is a rate fixed by the
t. For advertising for the District we accept the rates estab-
d by the several publications, and our advertising is not con-
l to the District of Columbia, as we are required to advertise in
York, Philadelphia, and Baltimore.
ıe CHAIRMAN. Do you not keep a record of the expense you in-
so you know at the end of the year what the expense should be?
r. DONOVAN. We do with every other appropriation, but the
ges are too indefinite to establish advance estimates of obliga-
; for advertising in newspapers.
ıe CHAIRMAN. Here is a total appropriation of only $6,000 and
ems to me that you ought to be able to keep the obligations
nst that without any trouble. You should be able to tell when
get through with the advertising how much you owe.
r. DONOVAN. We do know. We asked for an appropriation of
)0 six months in advance of the close of the fiscal year and as-
ed that would be a sufficient amount of money, but as it subse-
ıtly developed, it was not sufficient.
ıe CHAIRMAN. You do not have any evidence, any knowledge of
t these obligations would amount to at the time you incur the
rations?
r. DONOVAN. No. We now know what the obligations amount to.
ıe CHAIRMAN. But you should have that before you when the
ract is made.
r. DONOVAN. We do not enter into a contract.
ıe CHAIRMAN. You must make a contract when you give the
r.
r. DONOVAN. That might be construed as a contract in each case.
r. SISSON. I did not know before, that there was no legal rate
l for advertising required by law. You are sure there is no legal
in the District?
r. DONOVAN. The only law we have on the subject is one which
ides that we shall not pay a greater rate for our advertising
rates charged for commercial advertising of a similar char-
r.
r. SISSON. Do you investigate that matter?
r. DONOVAN. We do. We require an affidavit to be filed showing
ates and also a statement to the effect that those are the rates
ged for commercial advertising of a similar kind.
r. SISSON. Do they make an affidavit and attach it to the bill?
r. DONOVAN. No; but one rate schedule is filed.
r. SISSON. Have you the nature of the items?
r. DONOVAN. I have not the nature of the advertisements, but I
tell from the names of the newspapers about what they were.
New York World, $111.60; the New York Sun, $93; the En-
ering News-Record, $8; the New York Times, $90; the Globe
Commercial Advertiser, $28.80; the Evening Bulletin (Phila-
ıia), $75.60; the Record Publishing Co., $65.10; the North
rican Co., $54.60; the News Publishing Co. (Baltimore), $48——
r. SISSON (interposing). What are those advertisements for?
r. DONOVAN. Advertisem[illegible] r the law
re required to publish [illegible] altimore,
Philadelphia, in add

LIBRARIES

The CHAIRMAN. Proposals for contracts to be let?

Mr. DONOVAN. Yes, sir; for all kinds of construction work, buildings, etc.

The CHAIRMAN. When you put an advertisement in the paper, have you not some means of telling what it will cost?

Mr. DONOVAN. No; we probably could estimate the cost in advance.

The CHAIRMAN. Do you not keep any record?

Mr. DONOVAN. We keep obligation accounts.

The CHAIRMAN. You evidently do not keep any accounts; you wait until the bills come in?

Mr. DONOVAN. That is true in this particular case. We have not attempted to ascertain in advance the probable liabilities represented by the several advertisements.

The CHAIRMAN. You do not have to admit that, anybody can see it.

Mr. SISSON. I really think there has been some little negligence. You should know in advance of making the advertisements what the rate would be, so you could figure the number of words or lines, and know in advance what it would cost?

Mr. DONOVAN. We could only estimate as to the number of lines. We know the rates.

Mr. SISSON. You could not get at it accurately?

Mr. DONOVAN. No, sir.

The CHAIRMAN. If you put an advertisement in a paper you can write to the paper and ask them what the bill is?

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. That would be an easy way to do it.

Mr. SISSON. I would want to be able to check that up and determine whether the bill rendered was correct.

The CHAIRMAN. I think this is a very careless way to do business. I will just say that. Of course, it does not involve a great deal, but it shows a laxity in the office.

Mr. DONOVAN. We keep the obligations entirely separate from the appropriation where the amounts are approximately definite in advance, but in this particular case we do not. Hereafter it will be done.

SEWERS.

OPERATION AND MAINTENANCE OF PUMPING SERVICE.

The CHAIRMAN. The next item is "Sewers"?

Col. KELLER. That is for the operation and maintenance of the sewage pumping service.

The CHAIRMAN. What is the reason for this increase?

Col. KELLER. It is not an actual deficiency. During the first six months of the fiscal year we spent approximately $38,500 out of the appropriation of $80,000, but it is a prospective deficiency, because we have been trading on past prosperity. We have used up our reserve. We have used up our reserve supply of coal, so we can not operate unless the committee gives us a reasonable amount of coal during the coming six months.

ıe CHAIRMAN. You got along pretty well during the first six ths?

ıl. KELLER. Partly by transferring our pay roll to other appro- tions under the provision of the act.

ıe CHAIRMAN. This is simply an attempt, is it not, Col. Keller, ring your appropriation up to the estimate for 1922?

ıl. KELLER. It is not an attempt of that sort, so far as I am erned, because I did not make the estimate and have no desire stify it. May I say just what this really is?

ıe CHAIRMAN. Certainly.

ıl. KELLER. This is an effort to get money enough to operate inuously a service that must be operated 24 hours a day, 365 days ıe year.

ıe CHAIRMAN. If you have operated it continuously for six ths on $38,500, why should you not be able to operate it the next ıonths for $42,000?

ıl. KELLER. We have now $41,500. We need, as I say, more We have traded on our reserve supply of spare parts and are red to use a part of the $100,000 for per diem employees. We to have money to operate a minimum force. That is all we are ıg for. If we do not get the money we will have to stop oper- r, and I do not know what will happen then.

r. SISSON. You do not mean if you do not get this appropriation you will not run the plant?

ıl. KELLER. If we do not have coal we can not operate the engines.

r. SISSON. There is no use trying to intimidate the members of committee by saying that if you do not get the appropriation will have to stop the plant.

ıl. KELLER. I have simply stated what I understand to be the fact.

ıe CHAIRMAN. There is one thing that we want to have under- l, and we may as well have it understood now, because it can not peated too many times: Deficiencies are not going to be encour- , and if there is a deficiency allowed it will have to be a mighty case.

ıl. KELLER. This, Mr. Chairman, is one of those cases. It is a ce which we are operating at the minimum. The men employed ı there do not get leaves of absence. They work seven days a , to which I do not think even you yourself would consent.

ıe CHAIRMAN. We have to work seven days a week.

ıl. KELLER. Yes; but these men are engaged in manual labor; v of them.

ASSESSMENT AND PERMIT WORK.

ıe CHAIRMAN. The next item is "For assessment and permit , sewers, $32,000." Tell us about that, please.

ıl. KELLER. That deficiency is a prospective one if we attempt to ly the sewer connections to those who will demand them during oming six months. The rate of building in the District for the six months of this year exceeds by 57 per cent the rate for the ıl amount of building in any preceding year. This assessment , as the committee knows, is upon a reimbursable basis. We ge $1.50 a foot front.

r. BYRNS. The rentals rem

Col. KELLER. For rental purposes, I have not observed many houses over the District. There are many operations involving the construction of small dwellings.

Mr. BYRNS. I know that there is a great deal of building going on.

Col. KELLER. There are few of the dwellings for rent; they are for sale.

The CHAIRMAN. In 1921 the appropriation was $100,000?

Col. KELLER. Yes, sir.

The CHAIRMAN. Your estimate for 1922 was $125,000?

Col. KELLER. Yes, sir.

The CHAIRMAN. And we gave it to you?

Col. KELLER. Yes, sir. We can, of course, live within the appropriation by simply saying that we can not make the connections. That is the only alternative.

Mr. SISSON. How much more does it cost than you get back?

Col. KELLER. About 37 per cent more. We get back approximately 63 per cent.

The CHAIRMAN. Why do you not get it all?

Col. KELLER. Because the law you passed permits us to charge $1.50 a front foot only. It used to be $1.

Mr. SISSON. That was due to the increased cost of material and labor. I should say without hesitation that the amount ought to be raised so as to return the exact amount.

The CHAIRMAN. The total cost should be reimbursed.

Mr. SISSON. But that is not the fault of the commissioners at all, because there is a limit.

Col. KELLER. We have kept within our appropriation so far as nearly as we can figure out, but the applications are pouring in and we see no way of providing the sewer connections unless we get more money.

Mr. SISSON. The expenditures under this item are largely dependent upon the demands made upon you?

Col. KELLER. Altogether.

Mr. SISSON. You have the right to require connections to be made and to control them, but where a request is made of you under the law you have to do the work and then make the assessment, so it is not an appropriation which you can absolutely control?

Col. KELLER. No, sir; but we have controlled it so far. We have spent approximately half of our appropriation during the first six months, but we have so many applications for sewer service that in order to grant them reasonably promptly we will need $32,000 additional.

ELECTRICAL DEPARTMENT.

GENERAL SUPPLIES, ETC.

The CHAIRMAN. What about this item, "Electrical department," on page 14, for which you are asking $5,500?

Col. KELLER. We are maintaining more telephones than before.

The CHAIRMAN. Why more?

Col. KELLER. Because the District service is constantly growing as we build new schoolhouses.

The CHAIRMAN. How many new schoolhouses did you build last year?

Col. KELLER. I can not say accurately.

The CHAIRMAN. Two?

Col. KELLER. Two or three were completed last year.

The CHAIRMAN. How much does a telephone in one of these schools cost?

Col. KELLER. We pay 50 cents a year actually for the instrument, but we have to extend the service and pay for the messages. It is based on the number of calls. We have a schedule. Then, we have a certain number of trunk lines.

The CHAIRMAN. You have not any more telephones than you had before?

Col. KELLER. We have a few more and consequently the message toll gradually grows.

The CHAIRMAN. Does not the city government get a telephone rate lower than given to the private party?

Col. KELLER. No, sir. It is in accordance with the published schedule.

The CHAIRMAN. Why does not the city get a lower rate?

Col. KELLER. I do not see why it should.

The CHAIRMAN. Why should not the city?

Col. KELLER. Because the people of the city that put in the telephone system act as a public corporation.

Mr. SISSON. What the chairman means is that they get the use of the streets not only for laying the mains but for the use of the mains in the streets.

Col. KELLER. They pay 4 per cent annual tax upon the gross receipts.

The CHAIRMAN. Everybody pays a tax.

Col. KELLER. They pay a further tax in addition upon their real property.

The CHAIRMAN. Everybody pays that tax. Take the Chicago Street Railway Co., for example, up to the period of the war you could ride 30 miles for five cents, transfer anywhere you wanted to, on any line you wanted to, and be carried for five cents 30 miles. For the privilege of operating the street cars they paid 55 per cent of their net receipts into the treasury of the city. It would seem to me that the Public Utilities Commission had the power at least to regulate the cost of the telephone service to the city government and they ought to do it.

Mr. SISSON. The principal value attached to the street railway in Chicago, since the chairman has mentioned it, is the street use, and they admit that 55 per cent is about correct, and many of the cities require them to give them a certain amount of tolls for use of the officials of the city.

The CHAIRMAN. Does anybody use these telephones except on official business?

Col. KELLER. It is forbidden, and, so far as I know, it is not done. I might add, in regard to this franchise situation and special rates to the city, that we are applying the law as we find it. I am familiar with the Chicago telephone situation, because I lived there for many years, and I might say that the arrangement there was the result of the bankruptcy of several companies and their reorganization.

The CHAIRMAN. There was no bankruptcy about it.

Col. KELLER. It amounted to that. Of course, we can not eat our cake and have it too, and the public pays it. Whether it is paid directly or indirectly does not make any difference.

The CHAIRMAN. It does not deduct much from their return to give the municipality a special rate. I understand that they are not suffering.

Col. KELLER. They earned nothing at all during the two years of the war, and last year they earned less than 6 per cent upon a very conservative valuation.

Mr. BYRNS. I notice from the newspaper that one company here is earning 10.46 per cent upon its investment.

Col. KELLER. That is one of the street railway companies.

Mr. BYRNS. I think that is a perfect outrage upon the people of the District.

Col. KELLER. The other company makes less than 6 per cent.

Mr. BYRNS. But why should the people be taxed to maintain the other company in such earnings as that? I think it is perfectly outrageous.

Col. KELLER. We are treating the street railways here exactly as the Interstate Commerce Commission regards the railroad situation of the country as a whole, and on the basis of the valuation of the property of the two street railway companies, which they say is less than the proper value, the earnings would be somewhere in the neighborhood of 7 per cent, and that during the past year could not, in my opinion, be justly regarded as an excessive rate of return.

Mr. BYRNS. I do not think that Congress or the Public Utilities Commission could ever be justified, under any law passed by Congress, to absolutely fix a charge by law, which must be met by the people who use the street cars, by people who can not afford automobiles, and which will result in a dividend of 10.46 per cent on the stock of a street railway company.

Mr. SISSON. Especially in view of the cost of operation charges that are made, and which I do not think could be justified anywhere in the world. Of course, there is no use in going into that now, although we did have some considerable controversy over the cost-accounting methods that they adopted.

HEALTH DEPARTMENT.

DRAINAGE OF LOTS.

The CHAIRMAN. Your next item is, on page 18, for the drainage of lots in the District of Columbia.

Col. KELLER. We are asking for $1,000 more for the drainage of lots. That is not an actual deficiency, but it is a calculated deficiency if we do the normal amount of work of that sort. I want to say with reference to this appropriation that we will live within the appropriation as it is, but as it is an item in the public's interest and for the benefit of the public health, and is reimbursible, we would like to have this additional amount. The total costs are assessed back on the property, and we would like to have a little more money to use in case of necessity.

ıe CHAIRMAN. The plan of trying to restore original estimates eficiency bills is one that is not going to be encouraged. I am in favor of it. I am not in favor of having anybody come back and ask to have original estimates restored. When the law ing the appropriation is enacted, that is the law.

ɔl. KELLER. We have observed the law. I am simply explaining it might be desirable to have another $1,000. If we do not get ve will, of course, stay within the appropriation, although we have to stop doing this kind of work.

r. SISSON. What is the status of the appropriation?

ɔl. KELLER. There are $200 remaining.

r. SISSON. You do not apportion it?

ɔl. KELLER. We apportion it, but the work has overrun the inal limits.

ıe CHAIRMAN. But you will live within the appropriation?

ɔl. KELLER. Yes, sir.

ıe CHAIRMAN. Is there anything else?

STREET CLEANING.

ɔl. KELLER. There is another item in the nature of a supplemental nate. We have an estimated deficiency of $30,000 in the street-ning appropriation. That is based upon the removal of snow ng the recent snowstorm. It cost us $30,000 for extra work at time.

r. SISSON. Where was it done?

ɔl. KELLER. All over the city, and, in my opinion, considering circumstances, it was very well done.

ıe CHAIRMAN. I did not see any evidence of where it was done, pt around the Willard.

ɔl. KELLER. We cleaned the entire business section of the city all of Pennsylvania Avenue. We cleaned every busy street in the of Washington. It was slow work, because we had difficulty etting labor. We could not command labor, and they would not e out in the bad weather. As they would come out we expanded force. It would have been better if we had had a permanent e with which to do the work.

ıe CHAIRMAN. The cost was $30,000.

ɔl. KELLER. Yes, sir.

r. SISSON. I do not know that that is a proper thing to allow . However, I realize that as long as there is a Federal Treasury e demands will be made. In most of the cities every man is ired to sweep in front of his own door. That is the reason why, osephus said, Jerusalem was the cleanest city in the world—use every man was required to clean in front of his own home.

ɔl. KELLER. We are forbidden to require citizens here to do any-g of that sort. The courts have upset the law and our ordi-es in which we required citizens to clean in front of their homes.

r. SISSON. I think that Congress is, perhaps, as much to blame as are in that regard. I think the law ought to be so that en could make ordinances that would cover e recent heavy snowstorm.

Col. KELLER. So far as the work done was concerned, it was done under great difficulties. It was an unprecedented storm, and we had great difficulty in getting people out to assist.

The CHAIRMAN. That estimate is coming up?

Col. KELLER. Yes, sir; it is based upon the actual cost of the work.

The CHAIRMAN. It shows the details, with the number of people employed and the wages paid?

Col. KELLER. Yes, sir; in the customary way.

The CHAIRMAN. Of course, that is one of the things that ought to be done. There is no question about that.

Col. KELLER. I had no doubt about it in my own mind, but the difficulty was to get men to do the work. They sat around their stoves and toasted their toes and would not come out to work. I did not want to boost the price of labor. In New York they paid $5 per day.

The CHAIRMAN. What did you pay?

Col. KELLER. $2.80 per day. I did not want to raise the price of that labor.

PUBLIC SCHOOLS.

ALLOWANCES TO PRINCIPALS.

The CHAIRMAN. You have a deficiency estimate for 1921 of $591.75 for allowance to principals of grade-school buildings, etc. Please explain that.

Dr. BALLOU. This item is to pay principals of grade-school buildings in accordance with the law or $30 per year session room pay. The increase in attendance and the increase in the number of classes calls for an increase in the amount required to meet the obligations. The sum of $591.75 for 1921 is now owing to those teachers.

The CHAIRMAN. You were unable to ascertain that at the time?

Dr. BALLOU. We were unable to estimate how many additional classes there would be and we have been encouraged by the House Appropriations Committee not to ask for more than in actually sure to be needed in this particular item.

Mr. SISSON. For not more than you are reasonably sure will be needed?

Dr. BALLOU. Yes, sir; not more than we are reasonably sure will be needed. This is a computed item and is strictly in accordance with law. We do not estimate more than we are reasonably sure we will need.

The CHAIRMAN. Why did you not ascertain this sooner?

Dr. BALLOU. This was ascertained last summer or at least May or June. It can not be absolutely ascertained until practically at the end of the school year.

The CHAIRMAN. The item for 1922 is $590?

Dr. BALLOU. The item for 1922 is not an actual deficiency at this moment, but there will undoubtedly be that deficiency at the end of this year. Unless the committee appropriates for the item now this same group of persons will not be paid for their work at the end of this school year.

The CHAIRMAN. This is an obligation you can not control?

Dr. BALLOU. No, sir; it is fixed by law.

[r. SISSON. One is an actual deficiency and the other is an antici-
ed deficiency?
'r. BALLOU. Yes, sir; the one for this year is an anticipated de-
ncy. I would like to suggest that these teachers, it seems to me,
ht not to be expected to wait until the middle or end of the
t school year for their money.

ADDITIONAL SALARIES OF CERTAIN TEACHERS.

he CHAIRMAN. You ask that the sum of $24,175.28 of the unex-
ded balance of the appropriation for salaries of public-school
hers of the District of Columbia, fiscal year 1921, be made avail-
: for the payment of claims of certain teachers for additional
ries covering detail service, etc. Will you explain what that
ı means?
r. BALLOU. Some time ago, indeed, on November 12, 1917, a Miss
'sh secured judgment against the District of Columbia for salary
services rendered. There are other teachers who were employed
xactly the same status in which Miss Marsh was employed.
he CHAIRMAN. What were the conditions?
r. BALLOU. The conditions were these: The board of education at
time found itself without any salary for high-school teachers,
it followed the practice of appointing teachers at elementary-
ol salaries, and then assigning them to teach in the high schools,
re the salaries were higher. It was a bad practice, without
doubt, but it was a practice that was adopted because there was
ther way to appoint teachers in the high schools. Therefore that
'tice was followed. Later on Miss Marsh sued the District of
ımbia and secured judgment in the courts which required the
rict to pay her, not the salary that she was engaged under, but
salary of the high school rank in which she served.
he CHAIRMAN. What is the amount of her judgment?
r. BALLOU. About $2,000, I am informed. Now, the board of
ation went very carefully into every similar case, and has elimi-
d a large number of claims that we did not believe came within
rule of the Marsh suit at all. The board has carefully computed
amount due to a considerable number of teachers who were in
tly the same status as Miss Marsh. Undoubtedly every one of
e persons will sue the District and secure judgment. It is be-
d by the board of education that it will cost less for the District
ay those teachers in accordance with this judgment than it would
have the teachers file suits and get judgment. For that reason
board of education recommends that this sum be authorized out
ıe unexpended balance of the appropriation for teachers' salaries
year.
ıe CHAIRMAN. How do you know that there is any unexpended
nce that has not gone into the Treasury?
r. DONOVAN. There is an unexpended balance of $63,000 in the
'opriation.
ıe CHAIRMAN. But that has gone into the Treasury.
r. DONOVAN. Yes, sir; it can not be expended unless it is au-
ized.

Mr. SISSON. The language here, of course, is not in accordance with the law, because, as the chairman states, it is not an unexpended balance that is available now. There is no such appropriation.

The CHAIRMAN. There is no such unexpended balance in that appropriation.

Mr. BYRNS. How far did they go with that case?

Mr. BALLOU. It went to the Court of Appeals.

The CHAIRMAN. The Court of Appeals sustained Miss Marsh?

Dr. BALLOU. Yes, sir.

The CHAIRMAN. It seems to me that there is nothing that we can properly consider here. The only thing to do in the Marsh case is to get the judgment properly certified to us, and then we can appropriate for the judgment, whatever it is.

Dr. BALLOU. That judgment has been appropriated for and paid.

The CHAIRMAN. Then that settles it.

Dr. BALLOU. It settles that case, but it does not settle the cases of the other teachers who are in exactly the same position.

LONGEVITY PAY.

The CHAIRMAN. In the next item you ask that the sum of $1,500 of the unexpended balance of the appropriation for longevity pay of public-school teachers of the District of Columbia, fiscal year 1921, be made available to pay the balance due Marietta Stockard Albion, formerly employed as a teacher in the public schools, for additional longevity placing for the period between September 1, 1908, and June 30, 1916.

Dr. BALLOU. I will ask Mr. Wilmarth to explain that item.

Mr. WILMARTH. In 1908 legislation was passed authorizing the placing of teachers in the high schools in accordance with their previous years' teaching experience. At that time there were three teachers in the Wilson Normal School who had had certain normal-school experience in teaching while receiving grade-school salaries, namely, Miss Kalb, Miss Brown, and Mrs. Albion, who is named in this bill. Miss Kalb's claim was adjusted and settled under the regular appropriation. Shortly thereafter Miss Brown came in and presented her case, which was on all fours with Miss Kalb's case. The money not being available, an estimate for a deficiency was made so that it might cover her case. Mrs. Albion had resigned from the schools and did not make a claim until in May, 1921.

The CHAIRMAN. When was her employment?

Mr. WILMARTH. In 1908.

The CHAIRMAN. Has not the statute of limitations run against it?

Dr. BALLOU. The close of her service was not until 1916.

Mr. SISSON. But the money for this service was due in 1908.

Mr. WILMARTH. Beginning in 1908.

Mr. SISSON. It was due then. The statute of limitations begins to run when the claim is due, and not from the time the service ends.

Mr. WILMARTH. Her claim was at the rate of $200 a year beginning with 1908.

Mr. SISSON. Of course, I have no disposition myself to plead the statute of limitations for the Government.

The CHAIRMAN. It is in effect a claim?

Mr. WILMARTH. Yes, sir.

e CHAIRMAN. Should it not go to the committee on claims?
. SISSON. I presume it is the subject of an appropriation, be-
it is a matter of law.
. WILMARTH. Yes, sir; it is a matter of law.
. SISSON. Of course, it can be calculated here as well as any-
e else.
ppose she could sue and obtain judgment against the Govern-
I do not know what the statute of limitations is here.
. DONOVAN. Three years.
. SISSON. It would run as to all of the items except those within
years. I would not want to plead the statute of limitations
st it.
e CHAIRMAN. This is the exact amount due her?
. WILMARTH. Yes, sir.
e CHAIRMAN. You have ascertained the amount?
. WILMARTH. Yes, sir.
. SISSON. I do not see how you get $1,500 here.
. WILMARTH. It is $200 for seven years. For the eighth year
entitled to only $100, because that brought her to the maximum.

FUEL, GAS, ELECTRIC LIGHT, ETC.

e CHAIRMAN. For fuel, gas, electric light, and power for the
year 1921 you have a deficiency estimate of $10,512.80.
. BALLOU. That deficiency was incurred during the last school
ending June 30, 1921.
e CHAIRMAN. To what was it due?
. BALLOU. To a reduction in the amount of the appropriation as
itted and computed by us and to the additional amount of coal
lectric light used.
e CHAIRMAN. You must have some definite reason to show for
deficiency. How many tons of coal did you use; how much
ic light and power did you use; and what did it cost?
. BALLOU. Those amounts can be furnished.
. BYRNS. There was no reduction in the amount of the appro-
ion. You got the amount you estimated for and a deficiency of
00.
. SISSON. You asked for $165,000 and you received $185,000, in-
ng the deficiency.
e CHAIRMAN. And you are asking for $10,512.80 in addition. It
s to me we ought to be able to get definitely the exact reasons
his deficiency.
. BALLOU. All the information I have is that we have to have
gas, and electric light and power. This is handled in the Dis-
Building.
e CHAIRMAN. It seems to me that there ought to appear a com-
statement of the amount of fuel, gas, and electric light and
r used, and the price paid in comparison with the price paid
ear before.
. BALLOU. I think Maj. Donovan can submit the information
this. It is largely a matter over which we do not have any
t control.
e CHAIRMAN. We ought to know the facts.

HARVARD LIBRARIES

Mr. DONOVAN. That amount represents audited claims in favor of the Washington Gas Light Co. to the amount of $1,898.54; in favor of the Potomac Electric Power Co. in the sum of $5,707.15; and in favor of the Government fuel yard in the sum of $3,138.06, making a total of $10,743.75, against which we have an unexpended balance in the appropriation of only $230.95.

The CHAIRMAN. In the appropriation for 1921?

Mr. DONOVAN. Yes, sir. We have an unexpended balance of $230.95, leaving $10,512.80 to be provided.

The CHAIRMAN. That does not explain this situation.

Mr. DONOVAN. I am simply giving the details of the estimate.

Mr. SISSON. Why did they not present these bills earlier?

Mr. DONOVAN. They were presented. This is the first general deficiency estimate that we have submitted since these deficiencies were incurred. Last November I believe you had a deficiency bill, but at that time we only submitted urgent deficiency items.

The CHAIRMAN. What we want from you is a complete statement in detail showing, first, how much fuel, gas, and electric light and power you used in 1920; how much you used in 1921, and the cost of the fuel, gas, and electric light and power in each of those years. We want your statement to show the amount of coal you used, and a comparative statement of the cost in each of those years, in order that we may see whether it is due to the consumption of more coal, or to higher prices. We will have to have some definite information in order that we may form some reasonable judgment as to what we ought to do about this item.

Mr. SISSON. I would like to know whether you have any way of checking these expenses up, to see whether you are using too much fuel, gas, and electric current.

Mr. WILMARTH. In the case of gas and electric light, the consumption is checked up by the inspector for the District before we make any payments. In the case of electrical current consumption, that is checked up by the electrical engineer, and the payments are made upon the certification of those officials as to the actual amount consumed. In the case of fuel, regular obligation ledgers are kept.

The CHAIRMAN. Do you know what you are paying for coal?

Mr. WILMARTH. I can give you the current price.

The CHAIRMAN. Do you use soft or hard coal?

Mr. WILMARTH. Practically all soft coal. Soft coal is $7.90 a ton; white ash stove coal, $12.74 a ton; white ash egg coal, $12.39 a ton; red ash stove coal, $13.24 a ton; the storing of coal is 69 cents a ton; sawed and split pine wood, $17.65 a cord; long pine wood, $14.76; 2-piece pine wood, $16.75 per cord, and the storing of wood is $1.50 per cord.

The CHAIRMAN. Do you buy coal by contract?

Mr. WILMARTH. All of the fuel is furnished by the Government fuel yards.

The CHAIRMAN. They are charging an excessive price. The Post Office Department is paying $10.51 a ton and another service is paying $12.39 a ton for the same coal and purchased from the Government fuel yards. How it that?

. KELLER. Is it the same ton? In some cases the price quoted a gross ton while in other cases it is a net ton, and that may nt for the difference.

ᵉ CHAIRMAN. Of course, I do not know about that.

. KELLER. That would account for a 12 per cent difference.

ᵉ CHAIRMAN. You had better make a comprehensive statement this. It is worth while going into because it seems to me and the members of the committee that this is running wild.

BALLOU. The second part of that for 1922 is an estimate of mount of money which will be necessary to continue during iscal year.

ᵉ CHAIRMAN. That makes it $194,300, according to your figures.

BALLOU. Yes, sir.

ᵉ CHAIRMAN. You submitted an estimate for $175,000 and you ow increasing that estimate.

. WILMARTH. We have to estimate, of course; we estimate on robable cost of the fuel and then we have to pay the regulation at the time the fuel is bought and that, of course, is subject to ation. This figure of $29,300 is an actual computed figure on asis of the fuel we will need for the current year at the current

ᵉ CHAIRMAN. You had better submit a statement to us. You not to ask for $29,000 without submitting the figures. I wish vould submit a statement showing the number of tons of coal ıse, the price you pay, the amount of electric light you use, and nount of gas during the entire year, with the prices, and we will ɔw it figures out.

BALLOU. We will be glad to submit that.

ᵉ CHAIRMAN. You had better come back again, because we may to ask you some more questions. In the meantime we will it over.

ıent showing cost of fuel, gas, and electric light and power for the fiscal years 1919–20, 1920–21, and 1921–22.

	1919–20			1920–21			1921–22		
	Quantity.	Average cost.	Total cost.	Quantity.	Average cost.	Total cost.	Quantity.	Average cost.	Total cost.
ıs):									
.....	17,376	$6.88	$119,459.81	14,283	$9.66	$137,951.29	16,325	$7.90	$128,967.50
te-ash stove.....	314	7.12	2,234.14	439	13.00	5,707.06	837	12.74	10,663.38
te-ash egg.....	825	9.98	8,237.21	619	12.16	7,527.38	311	12.39	3,853.29
-ash stove.....	90	10.62	956.01	50	14.81	795.96	37	13.24	489.88
te-ash furnace....	11	10.41	114.46	2	14.30	28.60	.....	.....	.....
ıtnut.....	.....	.....	.....	2	14.02	28.04	.....	.....	.....
.....	.....	.....	.....	14	7.70	156.63	.....	.....	.....
ing.....	18,616	.32	5,923.21	15,409	.34	5,291.25	17,510	.65	12,031.90
ıne (cords):									
ed and split.....	104	14.99	1,558.72	118	21.19	2,500.65	86	17.65	1,517.90
g.....	252	12.99	3,273.43	273½	18.35	5,019.52	487	14.70	7,158.90
-piece.....	49	13.99	685.65	78	19.78	1,543.34	54	16.75	904.50
ing.....	405	.95	387.40	469½	1.33	676.08	627	1.50	940.50
.....	.....	.....	9,220.82	.....	.....	9,164.18	.....	.....	9,172.72
light and power..	.....	.....	15,492.74	.....	.....	19,122.82	.....	.....	18,573.69
ɔtal.....	.....	.....	167,543.60	.....	.....	195,512.80	.....	.....	194,324.16

WATER DEPARTMENT.

EXTENSION OF DISTRIBUTION SYSTEM.

Col. KELLER. I have one item on page 38. It is for the water department—the extension of service mains under the assessment system, $50,000. That is a prospective deficiency based upon the enormous increase of building, as explained before in connection with a sewer department item. Here also we get back about 63 per cent of the expenditure; it is done under the assessment system, and the money is necessary merely to enable us to make water connections for new buildings that are actually in sight.

The CHAIRMAN. You spent $79,993.45 in 1921, and estimate an expenditure of $100,000 in 1922. You are now coming back for $50,000 more?

Col. KELLER. Yes, sir; we have already spent or obligated $80,000.

The CHAIRMAN. Of the $100,000?

Col. KELLER. Yes, sir. That is work we can not foresee, as Mr. Sisson pointed out.

The CHAIRMAN. It is due to the increase in building?

Col. KELLER. Yes, sir; and only to that. We spend no money under this appropriation unless we extend water service to buildings not hitherto supplied with water service. The fund is reimbursed by assessment of the property at $2 a foot-front.

The CHAIRMAN. And 63 per cent comes back?

Col. KELLER. About that; yes, sir.

The CHAIRMAN. The law should be modified to bring it all back. should it not?

Mr. SISSON. That was the intention of the law, and I do not know just why they put in that limitation.

The CHAIRMAN. What would be the necessary charge to bring all of this money back?

Col. KELLER. About $3 in the case of water.

The CHAIRMAN. If we do anything with this, suppose we put in a limitation providing that they must charge a certain amount?

Col. KELLER. This comes out of our water revenues, as I presume you know, so that the Federal Government spends nothing in this connection. All of these expenditures for the water department are taken out of the revenues of the water department.

The CHAIRMAN. Is there any surplus in the water revenues?

Col. KELLER. There was a small surplus last year.

The CHAIRMAN. What becomes of that?

Mr. DONOVAN. It continues year after year, subject to appropriation by Congress.

The CHAIRMAN. Does it go into the Federal Treasury?

Mr. DONOVAN. All water revenues go into the Federal Treasury; yes, sir.

Mr. SISSON. You see, that water system belongs to Uncle Sam.

Col. KELLER. The District pays out of the water revenues and out of its own funds more than half of the cost of the present water system.

The CHAIRMAN. It seems to me that the water system here should yield a large surplus.

KELLER. It does yield a fair surplus. The rates are low.
CHAIRMAN. They are just as high as they are anywhere else.
SISSON. You are mistaken about that, because I have made gations as to a great many cities.
CHAIRMAN. The rates are lower in Chicago.
KELLER. But you do not filter your water in Chicago.
CHAIRMAN. We do not filter it, but we have just as good water have here.
KELLER. I do not dispute the quality of the water, but I say e to filter it, and that costs us money.
SISSON. Where they do not have to filter the water cities have r water than in Washington, but where they have to filter it I think you will find a place that has water which is comparable quality of water in Washington or in cheapness.
CHAIRMAN. I am not complaining about it, but I think there to be more earnings. Is it because you have too much expense ou do not have more earnings?
KELLER. No, sir; it is because we supply a great deal of water thing; we supply about 40 per cent of our water to a customer ays us absolutely nothing for the water.

FIRE DEPARTMENT.

REPAIR OF FIRE BOAT.

CHAIRMAN. For the fire department you have the following

epairs and improvements of fire boat, fiscal year 1921, $20.91.

DONOVAN. That is a small balance due the navy yard, and it about in a very peculiar way. You will notice that for 1921 d $1,700, including a $700 deficiency appropriation, the de- y appropriation being necessitated for the reason that quite an ive number of repairs had to be made to the fire boat. We the boat over to the navy yard and the navy yard rendered us for $1,436.58, which we paid. The balance was subsequently being the difference between $1,436.58 and $1,700, on repairs to iler, and then months afterwards the navy yard came along aimed that in the preparation of their bill they had failed to e an item of $48.11; we then only had a balance of $27.20 in the priation, so that we are asking for the difference in order to that settlement.

HEALTH DEPARTMENT.

MAINTENANCE OF DISPENSARIES.

CHAIRMAN. The next item is for the maintenance of the dis- y or dispensaries for the treatment of persons suffering from ulosis, etc., $146.94.
DONOVAN. That is an actual deficiency, Mr. Chairman, but we believe we are responsible for the deficiency. The Govern- fuel yards, from the best informati [illegible] delivered the extent of $176.76—we have [illegible] the

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appropriation—without any authority whatever, unless it might have been the authority of the janitor on the premises, who telephoned for the fuel.

The CHAIRMAN. Did you get the fuel?

Mr. DONOVAN. We got the fuel and used the fuel, but the fact is it was never ordered through proper channels.

The CHAIRMAN. Did you get it?

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. Will, did you need it?

Mr. DONOVAN. They may not have needed it at the time.

The CHAIRMAN. But it was a legitimate expenditure, was it?

Mr. DONOVAN. It was a legitimate expenditure, but not incurred as an obligation should have been incurred.

The CHAIRMAN. But you got the fuel and the price was right?

Mr. DONOVAN. We have no objection to the payment of the item, but we do not believe we are responsible for the deficiency.

The CHAIRMAN. It is for 1921?

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. Well, who is responsible for it? Do you want to pay for it?

Mr. DONOVAN. We want to pay: yes, sir.

WRITS OF LUNACY.

The CHAIRMAN. The next item is for the expenses attending the execution of writs of lunacy, for which you are asking a deficiency appropriation of $217.20 for the fiscal year 1921.

Mr. DONOVAN. That is what we might term a legal deficiency: it represents the balance due the clerk of the Supreme Court of the District of Columbia for costs in lunacy cases.

The CHAIRMAN. You mean that the court taxes the cost against the District?

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. In what cases?

Mr. DONOVAN. In all lunacy cases tried on the petition of the commissioners.

The CHAIRMAN. The District commissioners have to pay the costs?

Mr. DONOVAN. The District has to pay the court costs, and I think the costs amount to about $8.05 in each case This is a deficiency for the fiscal year 1921, and you will notice that we had a regular appropriation of $5,500 and a deficiency appropriation of $1,000, making a total of $6,500. We have to estimate the amount in advance, and there is this small balance due the clerk of the supreme court.

The CHAIRMAN. You say the court costs amount to about $9?

Mr. DONOVAN. I think the court costs amount to about $8.05 or $8.50 in each case.

The CHAIRMAN. You must have had about 700 cases, according to that.

Mr. DONOVAN. You mean on the basis of the entire appropriation?

The CHAIRMAN. Yes.

Donovan. $2,400 of the appropriation is paid out for sala-
1,500 to the District alienist and $900 to the clerk—and there
t $100 for the expenses of the alienist's office; we limit him to
year for expenses.
Chairman. Then $2,500 of the $6,500 is paid out in the shape
ries?
Donovan. Yes, sir; salaries and $100 for expenses.
Chairman. That still leaves you with about 500 cases. Do
ve that many cases?
Donovan. Easily that number
Chairman. And all of the costs are levied against the Dis-

Donovan. Yes, sir.
Chairman. Of course, you have no control over the number
s.
Donovan. No, sir.
Chairman. And consequently no control over the amount of
ts.
Donovan. No, sir.
Chairman. But the compensation of the people who are in
of these cases is just the same whether you have any cases
?
Donovan. Their annual compensation is fixed by the terms of
ropriation act.
Chairman. Do they have plenty of work to do?
Donovan. Yes. Last year, including the number of persons
ere under observation, I think there were something in the
rhood of 1,200 cases.
Chairman. So I judge all the cases do not go to court.
Donovan. No, sir.
Chairman. What becomes of those cases that do not go to

Donovan. They are discharged after observation.
Chairman. What do you do with them while you have them
bservation?
Donovan. We send them to the Washington Asylum Hospital.
Chairman. What expense is attached to that?
Donovan. The expense of the maintenance of the hospital, the
of the hospital.
Chairman. Is any part of that paid out of this $6,500?
Donovan. No, sir; that is paid out of the appropriation for
intenance of the Washington Asylum Hospital which will be
d on July 1 by the new Gallinger Hospital.
Chairman. What is the longest time you are allowed to keep
ere under observation?
Donovan. Thirty days, I believe.
Chairman. On the average, how many cases do you have
nder observation?
Donovan. I do not know. Mr. Wilson, who was to be here at
st 2 would be able to give you more detailed informati
bject. He is the secretary of the Board of Charities a
gton Asylum Hospital comes under the supervison o

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JUDGMENTS.

The CHAIRMAN. The next item is for amount required to pay judgments rendered against the District of Columbia, as follows: Joseph T. Sheirer, assignee of Joseph C. Caton, no interest or costs, $1,000; Rose A. Pence, to the use of James B. Archer, no interest or costs, $200; for payment of judgment in case of Joseph D. Brady *v.* District of Columbia, $200. Have these judgments been certified to us by the court?

Mr. DONOVAN. Certified to the commissioners, and we certify the judgments of Congress as a part of the deficiency estimates each year. They are final judgments. Each year we have certified the judgments to Congress in the deficiency estimates for an appropriation

The CHAIRMAN. I notice that in the last case, that of Joseph D. Brady, you make no reference to the fact that there is to be no interest paid.

Mr. DONOVAN. The estimate I submitted to the Bureau of the Budget contains the same phraseology as is contained in the two previous items, no interest or costs, but that language has been left out.

The CHAIRMAN. These are final judgments?

Mr. DONOVAN. They are all final; yes, sir.

AUDITED CLAIMS.

The CHAIRMAN. Then on page 36 you have quite a number of audited claims, some small and some rather large.

Mr. DONOVAN. Mr. Chairman, they are all claims which were submitted for settlement after the appropriations had lapsed under limitations of law, and in every case, with the exception of one, a greater amount of money was covered back into the Treasury to the surplus fund than is represented by the amounts of appropriations we are asking.

The CHAIRMAN. So it would have been necessary for you to pay these claims if they had been rendered at the time?

Mr. DONOVAN. In every instance except one.

The CHAIRMAN. Which one is that?

Mr. DONOVAN. That is the item under public schools, an item of $591.95.

The CHAIRMAN. That happens to be the largest one.

Mr. DONOVAN. Yes, sir; and that happens to have exceeded the balance that lapsed by $165.

The CHAIRMAN. These claims have all been audited?

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. Audited by whom?

Mr. DONOVAN. By the auditor of the District of Columbia.

The CHAIRMAN. Does the General Accounting Office have jurisdiction over the auditing for the District?

Mr. DONOVAN. Its jurisdiction flows, Mr. Chairman, from the affirmative action of the auditor of the District of Columbia on claims against the District of Columbia.

The CHAIRMAN. So the District of Columbia is not within the jurisdiction of the General Accounting Office?

DONOVAN. Not until the accounts have been paid.
CHAIRMAN. These audited claims do not seem to run to any-

DONOVAN. I should be very glad to give you that information.
CHAIRMAN. Why do you not have the names of the claimants bill?
DONOVAN. I might have done so, but I did not think it neces-

CHAIRMAN. It seems to me that is very essential.
DONOVAN. I can give the names for the record if you wish The first item of $1.04 is due the Robey Motor Co.
CHAIRMAN. What was that for?
DONOVAN. For some auto parts furnished the municipal gar- January, 1919.
CHAIRMAN. That is a 1919 deficiency?
DONOVAN. Yes, sir; the next is an item of 72 cents for some gs, hardware, furnished the Free Public Library in January, y the Crane Co. The next item is $13.52, the amount due a r by the name of Fred Smallwood for five days' services, be- May 30 and June 5, 1919.
CHAIRMAN. Why was not that amount paid to him?
DONOVAN. Smallwood left Washington and went somewhere, not know where, and failed to get this money. It was cash hands of the disbursing officer, and after holding it a reason- ngth of time he repaid it to the appropriation and this money with the balance of the appropriation. Smallwood now wants ount due him. The next sum is $129.04 and is made up of ems, one of $124.40 in favor of Louis Hartig, a local hard- nerchant, for machine and carriage bolts furnished the city division some time in the fiscal year 1919; also $4.64 due the f Barber & Ross for a ladder furnished the city refuse division gust, 1918. I might say that we had a great deal of trouble ing Mr. Hartig to submit his vouchers; he claimed that dur- is period he was not able to employ competent bookkeepers to up his accounts, and you will find several other items in favor rtig as we go through the bills. The next item is $33.34, a balance due the cabinetmaker in the public schools.
CHAIRMAN. What is his name?
DONOVAN. His name is J. R. Reily.
CHAIRMAN. What is his first name?
DONOVAN. James. That came about in a peculiar way. The priation act for the District for the fiscal year 1919 was ap- l on August 31, 1918, and carried an increase of $200 in the of this particular position; the increase dated back to July 1 rough an oversight this man Reilly failed to receive the in- for July and August, and when the matter was brought to tention the appropriation had lapsed.
CHAIRMAN. That was for the fiscal year 1919?
DONOVAN. Yes, sir. The next item is $15.25, $2.50 of which the firm of Barber & Ross for repairing a door check in a building in February, 1919, and $12.75 is due the Crane Co. rdware furnished the superintend
Both items are for the fiscal ye

$598.95, made up of $7.65 due Barber & Ross, of this city, for hardware furnished for manual training purposes in the schools in June, 1917, and $591.30, Louis Hartig, for hardware supplies and tools furnished for manual training in the schools in the fiscal year 1919. The next item is $59.35, of which $47 is due the Chesapeake & Potomac Telephone Co. for telephone rental in the month of September, 1917, telephone rental for the public schools, and $11.85 is due the Typewriter & Office Supply Co., of this city, for filing equipment furnished the schools in August, 1917. The first sum, $47, is for the fiscal year 1918 and the second for the fiscal year 1917. The next item is $10.54 and represents the amount due the L. E. Knott Apparatus Co., an outside company. I do not know just where it is located.

The CHAIRMAN. That was a mistake, to let an outside company get in here and do any business.

Mr. DONOVAN. Oh, no; a large proportion of our business is done with outsiders.

The CHAIRMAN. I thought you were deploring the fact that somebody got in.

Mr. DONOVAN. No; I did not mean to deplore the fact, nor in any way to convey the idea to you that we would deplore the fact, because our competition is wide open, and any man who wants to bid can do so, and if he is the low bidder and responsible he obtains the contract.

The CHAIRMAN. Why did you emphasize the fact that this was an outside company? Was it for the purpose of indicating that a mistake was made?

Mr. DONOVAN. Not to indicate a mistake, but merely to show that this happened to be an outside company, while the others mentioned were local dealers. I merely called attention to that fact as a matter of information. The next item is $10.54, due the L. E. Knott Apparatus Co. for some scissors and needle holders furnished for the use of the chemical and biological laboratories in the public schools in May, 1918.

The CHAIRMAN. Who orders this stuff?

Mr. DONOVAN. The supplies are ordered through the purchasing officer. These are legitimate obligations, and ample provision had been made for the payment of the accounts had the bills been presented in time.

The CHAIRMAN. What was the matter with these people? Did they quit business or just figure that they would be paid later on?

Mr. DONOVAN. I think it was due to war conditions. We wrote letter after letter to some of the dealers and tried to get them to submit their accounts.

The CHAIRMAN. You knew they existed?

Mr. DONOVAN. Yes; we knew from our obligation accounts that these items were outstanding and payable by the District.

The CHAIRMAN. This was not a guess like the advertising?

Mr. DONOVAN. No; the keeping general advertising obligations would be very difficult, and the more I think it over the more I am convinced it is going to be practically impossible to estimate the amount of advertising obligations in advance. The next item is $427.96 for apparatus furnished for the physical laboratory in one

high schools in September and December, 1916. That amount
the L. E. Knott Apparatus Co.
CHAIRMAN. That is the same outsider?
DONOVAN. That is the same outsider. The next item is $176.30,
e L. E. Knott Apparatus Co.
CHAIRMAN. He was really getting in, was he not?
DONOVAN. For supplies furnished for the use of the physics
ment of the schools in February, 1917. Those two items are
's against the appropriation for the fiscal year 1916.
CHAIRMAN. And you had enough money with which to pay

DONOVAN. Yes, sir. In that case we turned back into the sur-
ind nearly $1,400.
CHAIRMAN. That was a mistake, was it not?
DONOVAN. No, sir. We try to run the District government as
nically as possible.
CHAIRMAN. I do not know how you could have overlooked
lance. Go ahead.
DONOVAN. The next item is $390.11, due Louis Hartig for
l-training equipment furnished the schools in the fiscal year
In that case we turned back to the surplus fund $433.63. The
em is $5.40 due the L. E. Knott Apparatus Co. for some lab-
y supplies furnished for the use of the chemical laboratory of
alth department in the month of February, 1917. The next
; $6 to pay the fee of a juror. I am sorry to say I have not
me of the man. He served two days, January 13 and 14, 1919,
iled to present his voucher for payment. When he did present
appropriation had lapsed. We turned back a balance of $277.
CHAIRMAN. You have a record of the man's name?
DONOVAN. We have the voucher at the office. I shall be glad
rt the man's name in the record. (R. E. Boyd.) The next
$24.42 due the Chesapeake & Potomac Telephone Co. I may
it this item was inserted at the request of the chief clerk of the
ment of Justice.
CHAIRMAN. That is the second item for the Chesapeake & Po-
Telephone Co.?
DONOVAN. Yes, sir. This latter item was inserted at the re-
f the Department of Justice.
CHAIRMAN. That has been submited by you to the Budget

DONOVAN. All of the estimates have gone through the Budget
l.
CHAIRMAN. Was this item audited?
DONOVAN. This is an audited claim; yes, sir.
CHAIRMAN. What is the name of the party?
DONOVAN. The Chesapeake & Potomac Telephone Co., for
furnished the court of appeals in January, 1919.
CHAIRMAN. You have an item of $20 for the Board of Chil-
Guardians.
DONOVAN. The $20 is due the Parker-Bridget Co., of this city,
suits of clothes furnished wards of the Board of Children's
ans—one suit in December, 1917, and one suit in January,
In that case we turned back into the Treasury $4,522.06. The

next item is $3, due the Miller-Dudley Co. for auto parts furnished for the use of the Water Department in August, 1917. In that case we turned back into the Treasury $7,104.30.

The CHAIRMAN. Sixty per cent of all these amounts is paid out of District funds?

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. And 40 per cent out of the Treasury?

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. The total of these claims is $1,914.94.

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. For 1916 and subsequent years?

Mr. DONOVAN. Yes, sir.

BOARD OF CHILDREN'S GUARDIANS.

MAINTENANCE OF FEEBLE-MINDED CHILDREN.

The CHAIRMAN. For maintenance of feeble-minded children (white and colored) you ask $1,500. Will you be kind enough to tell us why you need that additional money?

Mrs. WEST. We want to be able to pay for the care of feeble-minded children under the supervision and care of the Board of Children's Guardians.

The CHAIRMAN. For 1921 you had $39,500, did you not?

Mrs. WEST. Yes.

The CHAIRMAN. For 1922 you had $35,000. How much of the $35,000 has thus far been expended?

Mrs. WEST. During the first half of the year $16,283.30.

The CHAIRMAN. That would still leave you between $18,000 and $19,000 for the remaining six months?

Mrs. WEST. Yes, sir. We have estimated the expenditures for the second half of the year to be $21,202.70.

The CHAIRMAN. How do you reach that estimate?

Mrs. WEST. We have had a large number of children examined this year by a psychiatrist, and we have a waiting list of children to send to institutions that will receive feeble-minded children. Several have just been admitted and others are waiting to be admitted. We pay from $33 to $40 a month for their care, one institution being in Pennsylvania and another institution in Vineland, N. J.

The CHAIRMAN. Have you more children applying now than you had during the last year?

Mrs. WEST. Yes; we have a larger number of children this year than last year.

The CHAIRMAN. Is the number greater now than it was during the first half of the year?

Mrs. WEST. Yes. We expended more money last year, but the reason is that there has been a group of colored children that we have been able to place in an institution at a lower rate than we had been paying for their care. We have had that for several months, so we think we will probably not need as great an amount this year as we had last year. We have estimated very closely on that and think we will absolutely need the additional $1,500.

The CHAIRMAN. You think you must have that in order to function properly?

. WEST. We feel we must not be in the position of having -minded children for whom we can not provide adequate care, believe we will need that as the minimum amount.

CHAIRMAN. No part of this money is used unless you have the en to care for?

. WEST. No.

CHAIRMAN. So that if a number should not apply you would ıve use for the money, but you would not be able to provide em without having this amount?

. WEST. They are children who are already in our care and ɔf them are on the waiting list to be sent to institutions that ıre for them. You see, we have no institution for feeble-minded District, so that we must ask institutions outside the city to our children. It usually takes them some time to decide er they are of a type they will receive.

CHAIRMAN. How many children have you under your care?

. WEST. About 2,000; out of that number about 200 are feeble-d.

CHAIRMAN. What supervision do you exercise of the 2,000?

. WEST. All the possible supervision we can give with the ır of persons we have to carry on the supervision.

CHAIRMAN. What do you do with these children?

. WEST. The large majority of our wards are placed in family but some are in institutions.

CHAIRMAN. How many of them are feeble-minded?

. WEST. About 200.

CHAIRMAN. All told?

. WEST. Yes.

CHAIRMAN. The monthly cost of caring for a feeble-minded s what?

WEST. We keep some of them at Elwyn, Pa., where we pay nonth, and at Vineland, N. J., we pay $40, and we are paying ɜundry, at Falls Church, Va., $25.

CHAIRMAN. What will it average?

WEST. We are averaging a little over $2,000 for all.

CHAIRMAN. I mean, what is the average monthly cost per

WEST. We are paying $22 for some children in family homes, l children, and then $25, 33, and $40.

CHAIRMAN. We would have to know the number in order to ıine the average.

DONOVAN. I think the average would be about $30.

CHAIRMAN. Have you many of these children at $30?

WEST. About 200. Of course, some of the feeble-minded ·n are able to do something and they are placed with their es, where they can care for them properly, so that all of the minded children are not an expense.

CHAIRMAN. What is the average monthly expenditure which ,ve to pay for these feeble-minded children?

WEST. $2,800.

CHAIRMAN. Per month?

WEST. Yes, sir.

The CHAIRMAN. What is the overhead cost, that is, the cost of paying the compensation of the employees?

Mrs. WEST. I am not able to estimate that accurately.

The CHAIRMAN. How many employees?

Mrs. WEST. For our entire work we have a staff of 22 persons, and only about nine of those are directly responsible for the supervision of our 2,000 wards. A large part of our work is in the investigation of complaints as to cruelty and immorality concerning children, and neglect of children in their own homes. This work is usually done by a separate organization—a society for the prevention of cruelty to children.

The CHAIRMAN. Are all of the people in your service paid out of the Public Treasury?

Mrs. WEST. We have a few volunteers, but they are only helping us to do our job a little better. We have a voluntary board of nine members.

The CHAIRMAN. How many children are you required to provide homes for; have you any idea?

Mrs. WEST. I can not tell you just how many, because some are committed to us temporarily and some permanently. The average number of new children committed during the year is in the neighborhood of 600.

The CHAIRMAN. By the court?

Mrs. WEST. By the juvenile court. We have no control over the commitments.

The CHAIRMAN. What disposition do you make of these children committed to you by the court—make the same disposition as to all?

Mrs. WEST. No. There are certain types of delinquent children that we feel, for a period at least, would do better in an institution. We find certain others who would do better in homes. We do just what seems to be best for the particular child.

The CHAIRMAN. How long do you keep supervision over them?

Mrs. WEST. As long as they are committed to us. If they are committed to us until 21 years of age we keep them, unless they are discharged from guardianship for some very good reason.

The CHAIRMAN. What is the average time of those you put into public homes; how long are they kept there?

Mrs. WEST. In institutions?

The CHAIRMAN. Yes, madam.

Mrs. WEST. It depends upon how long we think the child needs institutional care.

The CHAIRMAN. Then what becomes of them?

Mrs. WEST. If they are free for placement, if they are children who have no family ties, we would try to find good, free homes. Others we would place with good relatives or in family homes to board.

The CHAIRMAN. What class of families do they come from?

Mrs. WEST. Different classes. It depends upon the reason for their commitment. If they are children that we take in from unfit homes, the surroundings are usually of the poorest. We do not take in children on account of poverty or anything of that sort.

The CHAIRMAN. Only on account of incorrigibility?

Mrs. WEST. We only take our wards into the court for incorrigibility. The court commits other delinquent children to us as it deems advisable. These children are not taken in on our petition.

: CHAIRMAN. What is the earliest age that you take in?
:. WEST. Tiny babies and foundlings are committed to us.
: CHAIRMAN. You have those?
:. WEST. Yes, sir; orphans and foundlings.
: CHAIRMAN. Under what circumstances are they committed by urt—death of the mother or father or one?
:. WEST. If there were no relatives to come forward and care e child we would ask for the guardianship.
: CHAIRMAN. What is the maximum age of children committed?
:. WEST. Dependent children, 16 years of age and delinquent, rs of age.
: CHAIRMAN. And down to what age is the minimum for dency?
:. WEST. Usually from 12 years of age up. Occasionally, per- a little younger, but, of course, not usually.
: CHAIRMAN. You are doing a very interesting work.
:. WEST. We think the most interesting of all, with the greatest ilities for real service.

CARE OF CHILDREN COMMITTED TO GUARDIANSHIP.

: CHAIRMAN. In the next paragraph, on page 32, you eliminate and change the language to "$6,000 (in addition to the sum 500 heretofore authorized)." Please explain to us just what that ?
:. WEST. Every year Congress appropriates a certain sum of .
: CHAIRMAN. That you can give to somebody in a lump sum?
. WEST. No, sir.
: CHAIRMAN. This is a lump sum of $1,500?
. WEST. It is paid to sectarian institutions for monthly care of en. We are not handling any lump sum in our office. We are for $6,000, which is four times as much as the original amount, se we find it necessary to care for a larger number of children, ularly in sectarian institutions.
: CHAIRMAN. That is just for the remaining part of this year?
. WEST. No.
: CHAIRMAN. This bill is only for the balance of the year.
. WEST. We have a deficiency.
: CHAIRMAN. This is the deficiency bill. I do not know what strict bill for the next fiscal year carries. I do not recall.
: DONOVAN. A limitation of $1,500. It has carried that for a r of years.
: BYRNS. The bill that passed the House the other day?
: DONOVAN. Yes, sir.
: CHAIRMAN. If we increase this to $6,000 it can only be for xt four months, and if you have to go back to $1,500 at the end r months it would not be any advantage to do this?
. WEST. No, sir. We are in debt to the sectarian institutions ite a large amount. It has been the custom year after year for oney to be made up by a deficiency in that way. Perhaps Mr. n can explain that.
: CHAIRMAN. I do not think that this language is proper.

Mr. WILSON. That deficiency, if authorized, would be applicable to any part of the current fiscal year. Up to this time the so-called sectarian institutions have taken children from your board and have cared for them and the bills are now due and payable, but not paid, because the limitation has been reached. Several thousand dollars, I think, beyond the limitation have already been incurred.

The CHAIRMAN. It seems that if there are bills due to pay which you have not the money to pay with you want the $6,000 payable out of the appropriation?

Mr. DONOVAN. We have the money, but the limitation prevents us from paying them.

The CHAIRMAN. You are asking for $15,000.

Mrs. WEST. $6,000 out of the $15,000 should be used for paying the sectarian institutions in addition to the sum of $1,500 already authorized, the sum not to exceed $6,000 out of the $15,000 deficiency.

The CHAIRMAN. That would make it $7,500.

Mr. BYRNS. If given authority to use that amount, you have enough money without the appropriation of this $1,500?

Mrs. WEST. No, sir. We are estimating in addition for $6,000 for sectarian institutions. We have asked for a deficiency of $15,000 for the board and care of children, and that out of the $15,000 not more than $6,000 should be used to pay sectarian institutions. That would still mean that we would need $9,000 for board and care of other children not in sectarian institutions.

The CHAIRMAN. For 1922 you asked for $200,000, and you received $160,000?

Mrs. WEST. Yes, sir.

The CHAIRMAN. Is that because obligations have already been incurred?

Mrs. WEST. Partly, Mr. Chairman. We have to use a number of sectarian institutions for our incorrigible boys. We have at St. Mary's Industrial School in Baltimore some 20 or 25 of our boys usually. I feel that when boys are committed to us that we must do the best we can for them. If they are incorrigible and we can not control them, we send them first to institutions where we can control their length of stay before asking the court to commit them to the National Training School, and we are using these institutions for only a temporary period.

The CHAIRMAN. We might as well have an understanding about this deficiency business. We do not want to discriminate against Mrs. West because she happens to be a woman. We have read a lecture to everybody about deficiencies, and I would not want her to go away with the feeling that she has not been as well treated as everybody else.

Mrs. WEST. I understand the point. I was asking Mr. Wilson the reason why only $1,500 is estimated for sectarian institutions every year when it is always necessary for us to expend a much larger amount as we have no public institutions to meet the need.

The CHAIRMAN. The point is if there is any way to control the expenditures within the limit of the appropriation, of course, we are very anxious to see that they are so controlled.

Mrs. WEST. Yes, sir.

The CHAIRMAN. Our work here has been very hard because of the tendency of the bureaus and departments to pay no attention to

propriations. On the other hand, they have gotten into the e of making the appropriations themselves and then coming :o supply the money to meet them. We have just stopped We are not going to allow anybody to make appropriations his. It is a bad place to come for deficiencies, but, of course, re cases, I am frank to say, that justify deficiencies. Whether one of them, I am not prepared to say.

DONOVAN. Every year for the last 15 years it has been neces- come to Congress and ask for an increase of this limitation.

CHAIRMAN. And you never get the increase?

DONOVAN. Never in the first place; we have always had to ack for a deficiency.

BYRNS. Did the subcommittee pass on an increase of the ion?

DONOVAN. That was not passed on as far as I know; it was ought up.

CHAIRMAN. I do not believe there is much advantage in in- g the limitation, because it can not last more than four s, to the 1st of July.

DONOVAN. It would take care of the obligations incurred.

CHAIRMAN. We could provide for meeting the obligations xist between now and the 1st of July if we did not fix the ion. If we do anything at all, we should authorize the amount you might find necessary to pay.

WEST. We have obligations for the first half of the year of 06 to sectarian institutions.

CHAIRMAN. You have found it necessary to put the children ctarian institutions to an extent greater than the authority y law?

WEST. That is what we have done.

CHAIRMAN. You have exercised your discretion about it?

WEST. There seemed to be no other way.

CHAIRMAN. And you think for the remaining part of the year increase to such an extent, if you go at the present rate, that ll need $6,000?

WEST. Yes, sir; for the remainder of the year practically the mount as for the first half of the year.

CHAIRMAN. That will come out of the appropriation for the fiscal year?

DONOVAN. That is true; yes, sir.

CHAIRMAN. Really you do not need $15,000. I am just now a hypothetical solution of the case without committing . If we authorize you to meet the obligations that exist up mount of $6,000, payable out of the current appropriation——

WEST (interposing). We are asking for a $15,000 deficiency entire board, and out of that amount——

CHAIRMAN (interposing). You will not need $15,000?

WEST. I wish I thought we did not. We have asked over er again for workers enough for the Board of Children's ans to find free homes for the children.

CHAIRMAN. What did they give you?

WEST. For next year the House gave three additional work- have asked the Senate for five more.

The CHAIRMAN. You do not go to the Senate after you get through the House?

Mrs. WEST. Oh, yes. I think we ought to tell our needs. I think Congress should know that if we had workers we could save money. There would be no need now for the $9,000 deficiency if we could have two more workers for the rest of the year at an expense of perhaps $1,200.

The CHAIRMAN. If we give you two workers for the rest of the year?

Mrs. WEST. Yes, sir.

The CHAIRMAN. I will make that contract.

Mrs. WEST. I will agree to that; I will be delighted.

The CHAIRMAN. And you will not ask for any deficiency?

Mrs. WEST. Absolutely not, except for the feeble-minded and sectarian institutions, as already stated.

The CHAIRMAN. If we give you the money you can use it to employ them?

Mr. DONOVAN. Not under that appropriation.

The CHAIRMAN. Yes.

Mr. DONOVAN. You would have to authorize their employment in connection with the appropriation.

Mrs. WEST. That would be $1,200 as against $9,000.

The CHAIRMAN. We will take that up and see.

Mrs. WEST. I will guarantee you that I will not stay with the Board of Children's Guardians if we can not do it; I am that certain.

The CHAIRMAN. You do not release us from the obligation of $6,000?

Mrs. WEST. With the more than $3,000 of obligations and the need for the remaining months it could not be done.

THURSDAY, FEBRUARY 16, 1922.

STATEMENT OF MR. WALDO BURNSIDE, CLERK.

JUVENILE COURT.

COMPENSATION OF JURORS.

The CHAIRMAN. You are the clerk of the juvenile court?

Mr. BURNSIDE. Yes, sir.

The CHAIRMAN. What is the matter with the juvenile court?

Mr. BURNSIDE. The only thing that concerns us right now is the jury fund. The appropriation has been running at $900 since 1915. For several years we have had to ask you to appropriate a deficiency fund, and last year it was $800. We did not spend all of that, we turned back $149.

The CHAIRMAN. That is for the jurors?

Mr. BURNSIDE. Yes, sir.

The CHAIRMAN. Of course, you can not control the number of jurors that will be called?

Mr. BURNSIDE. No, sir.

The CHAIRMAN. That depends upon the number of cases?

Mr. BURNSIDE. Yes, sir.

THURSDAY, FEBRUARY 16, 1922.

CHARITIES AND CORRECTIONS.

TATEMENT OF MR. GEORGE S. WILSON, SECRETARY.

WASHINGTON ASYLUM AND JAIL.

PROVISIONS, ETC., FOR HOSPITAL.

'HAIRMAN. For the Washington Asylum Hospital and Jail, I ıat you have a deficiency for 1920 of $1,307.35, and for 1921, 1.

/ILSON. Yes, sir.

'HAIRMAN. How does that occur?

/ILSON. Mr. Chairman, I do not know all of the details about am very happy to say that we have not had habitual de- s. I may say this, that while we have a few here now, dur- preceding few years, when we were in good times, the chari- stitutions turned back very considerable balances into the y for a period of three years in succession, not a particular on, but many of them.

'HAIRMAN. Has that anything to do with this appropriation?

/ILSON. I understand that the controlling reason in this case ıange in the price of the fuel as given to us at the time the ons were made. I know the superintendent told me in both s, because there were two men—one who died, and another, essor—that they did not have deficiencies. I do know of ıe for the Aged and Infirm, where a deficiency arose, that a as given to us when we ordered a large quantity of coal increased price appeared when the bills were rendered—as $1.50 a ton increase.

'HAIRMAN. Have you any names of the people to whom pay- ıs made?

)ONOVAN. Yes, sir; we owe the entire amount to the Govern- uel Yards. As Mr. Wilson has said, the deficiency in this iation is due entirely to the very significant difference be- ıe estimated price of the fuel in advance of the order of the the price charged on the rendition of the accounts.

'HAIRMAN. To what are these two bills due?

)ONOVAN. These two bills are due primarily to the very signifi- ference in prices, as between the estimated cost furnished us Bureau of Mines at the time the requisitions were made for of the fuel and the cost that appeared on the account when 1.

'HAIRMAN. Do you make any contract with them covering e you are to pay?

)ONOVAN. They charge whatever price they see fit, and we discretion in the premises whatever. We assume that it is ral price charged the departments, but we do not assume to the accounts of the fuel yard.

'HAIRMAN. Why not?

)ONOVAN. We do not have the right to. The District govern- not as big as Uncle Sam.

The CHAIRMAN. But if one branch of the Government is selling goods to another branch, the branch that is buying the goods should have the right to make a contract covering the price.

Mr. WILSON. I thought we had to accept it at their price.

The CHAIRMAN. I think under the law you have to accept it, but you should be advised as to the price.

Mr. WILSON. I only know this, that because of conditions which they probably could not avoid, the bills were not submitted to us until long beyond the close of the fiscal year. In one instance it was five months after the close of the fiscal year.

The CHAIRMAN. Have these bills been audited?

Mr. DONOVAN. Yes, sir; the accounts have been approved as due and payable.

SUPPORT OF PRISONERS.

The CHAIRMAN. For the support of prisoners you are asking a deficiency appropriation of $277.97 for 1921.

Mr. WILSON. Mr. Chairman, I can only say that we are still dealing with the same institution, the Washington Asylum and jail. That is a part of the same set of circumstances. They apportion the charge.

Mr. DONOVAN. It is one heating plant for two institutions.

The CHAIRMAN. This money is due to whom?

Mr. DONOVAN. To the Government fuel yard.

The CHAIRMAN. The account has been audited?

Mr. DONOVAN. Yes, sir.

NATIONAL TRAINING SCHOOL FOR BOYS.

CARE AND MAINTENANCE OF BOYS.

The CHAIRMAN. For the National Training School for Boys you ask a deficiency of $1,610.42 for the fiscal year 1921.

Mr. DONOVAN. That is the balance due this Federal institution, under our contract for the fiscal year 1921.

The CHAIRMAN. What caused this deficiency?

Mr. DONOVAN. The number of children sent there at the price agreed upon in the contract, and I believe the law fixes the annual rate.

Mr. WILSON. It authorizes the board of trustees to fix it at actual cost.

The CHAIRMAN. How many children are there?

Mr. WILSON. The number varies between 150 and 200 District boys.

The CHAIRMAN. Are all of them from the District of Columbia?

Mr. WILSON. No, sir; about three-fourths of the total; in addition to that there are some boys that are not reckoned with here, but who are Federal charges coming in from outside the District.

The CHAIRMAN. What is the annual per capita cost?

Mr. WILSON. For the fiscal year 1921 it was $353.35.

The CHAIRMAN. What are these boys committed to the National Training School for?

Mr. WILSON. For offenses recognizable by the law, but not such offenses as they would ordinarily send an adult to prison for. The

vides that children under 17, boys, or girls, shall be sent to aining schools, except for a few stated major crimes like burglary, etc.

HAIRMAN. Is this deficiency of $1,610.42 for 1922 due to the t you had a larger number of boys in the institution than the iation would pay for?

VILSON. Yes, sir.

HAIRMAN. And the account has been audited?

DONOVAN. Yes, sir. Unless we pay it, it will stand as a charge the Federal appropriation, and later on some Member of s will come along and want us to pay it back.

HAIRMAN. This is paid out of District revenues solely?

DONOVAN. No, sir; it is on the 60–40 basis.

VILSON. The number of boys sent there is something beyond trol of the administrative authorities.

HAIRMAN. That is done by the action of the courts?

VILSON. Yes, sir.

MEDICAL CHARITIES.

CARE AND TREATMENT OF INDIGENT PATIENTS.

HAIRMAN. For the care and treatment of indigent patients ontract to be paid by the Board of Charities, etc., you have nate of $1,170.45 for the fiscal year 1921, and one of $9,500 fiscal year 1922. Those deficiencies appear to arise under tract with the Central Dispensary and Emergency Hospital.

CENTRAL DISPENSARY AND EMERGENCY HOSPITAL.

VILSON. As you propably know, this is the General Emer- Hospital, up in the center of the city, beyond the White that cares for accident cases.

HAIRMAN. It is back of the theater?

VILSON. It was back of the theater, but the new building is nteenth Street and New York Avenue, beyond the State, d Navy Building.

HAIRMAN. What classes of patients go there?

VILSON. Only those known as casualty cases, originating in ts or calamities, or something of that kind.

HAIRMAN. How many people are there as a general rule?

WILSON. It has been running along at about this rate: In e daily average was 48, and it fell down in the following 41, 30, 39, 24, and then went up to 28. We are running r at about 40 again. You will notice that the appropriation y considerably reduced in those years when we had smaller s. It would seem that we have gone back to the old basis. e had to raise the rates somewhat. It was formerly $1.50, .75, and we now allow $2 per day for patients kept in the

HAIRMAN. The hospital pays its own expenses?

VILSON. Yes, sir.

HAIRMAN. Is this a private institution?

Mr. WILSON. Yes, sir.

The CHAIRMAN. It is supported by the District of Columbia to the extent that emergency cases are sent there?

Mr. WILSON. Yes, sir.

The CHAIRMAN. Do they take other cases?

Mr. WILSON. Yes, sir. The major part of their work now is in the care of private pay cases. For instance, last year, as indicating the extent of that, while we paid them something less than $20,000, their receipts from pay patients were over $146,000.

The CHAIRMAN. We pay at the rate of $2 per day?

Mr. WILSON. Yes, sir.

The CHAIRMAN. The deficiency for the fiscal year 1921 is $1,170.45. Why was not that submitted sooner?

Mr. DONOVAN. I think you had one set of deficiency estimates in November, last, but at that time we construed the instructions we received from the Budget Bureau as confining us to immedate emergency items. For that reason we did not submit any estimates for general deficiencies.

The CHAIRMAN. What about the item of $9,500 for 1922, or what is the occasion for that?

Mr. WILSON. On the same basis as to rates, running for the current year, we spent in six months $14,785.95.

The CHAIRMAN. The rate is the same.

Mr. WILSON. Yes, sir; $2 per day. There are a number of rates at both of these hospitals, because, in addition to the ward patients, we allow them 75 cents for accident cases picked up in the streets. Such a case is taken in, the injury is dressed and the patient goes home. Then we allow them 30 cents for redressing the wound if the patient comes back. There is a schedule of rates published here.

The CHAIRMAN. These rates do not seem to be exorbitant.

Mr. WILSON. They are in every instance, to the best of our information and knowledge, less than the actual cost, because we regard this institution as one doing charitable work. The Government has in some measure recognized that by aiding them at times.

The CHAIRMAN. I notice that you ask an appropriation of $24,000 for 1923 under this head, while your appropriation for 1922 is $20,000. If you add that to this item of $9,500 it will make an appropriation of $29,521 for 1922.

Mr. WILSON. Yes, sir; and unless conditions are greatly improved our estimate will prove quite inadequate.

The CHAIRMAN. Do you mean the $29,521 or the $24,000 for 1923?

Mr. WILSON. The $24,000 for next year. We are finding in our hospitals that our increased estimate has not been sufficiently increased to meet the bills that are going to accrue.

The CHAIRMAN. You judge that you will need $9,500 from your experience during the first six months?

Mr. WILSON. Yes, sir. It is quite fair to remind you that during the time when the number of patients was less, for reasons that we all appreciate, I think, we turned back considerable balances under our estimates.

The CHAIRMAN. The patients who are sent to the Emergency Hospital and paid for out of this fund are people who are unable to pay for their own care?

VILSON. So far are we know. We have one inspector who e hospital three times a week and interviews the patients.
HAIRMAN. You never pay bills for those who are able to pay ves?
VILSON. Not knowingly. Of course, we make mistakes some- nd in a few instances we have been able to recover amounts For instance, under the recent employees' compensation law found upon investigation in some cases that the employer le, and we were able to get our money back.
HAIRMAN. You always try to do that?
VILSON. Yes, sir.
HAIRMAN. Do you ever sue them?
VILSON. We never have had to sue. We have had a little com- s through the courts in the case of deceased persons.
HAIRMAN. Do you think there would be any serious embar- t to you if you did not get this $9,500?
VILSON. I think that the hospital would probably continue to he cases, but I think it would be a great hardship upon them, vould not be strictly in good faith, because the Government ction has recognized them as a Government agency in caring rgency cases, and has made these appropriations in the past xtent of even $25,000 a year. They would feel that it was a rdship. We do know that they have approached us and have ery frankly that if the conditions were such now that the nent could do the work, they would prefer not to take it. ill not say that they will not do it, because in past years the nent has recognized them and has helped them toward their gs, etc. I think it would mean a great hardship to them, but e that the people back of that institution would go to work to e situation. They are now raising money each year to help e expense, and they would raise more. However, the city e absolutely helpless if they did not do the service, because ve never established any emergency service of a public er.
HAIRMAN. This institution is justified, or our participation ustified, is it not?
VILSON. That raises a question of policy. You may recall ny years ago the policy recommended by the commissioners gested by the Board of Charities was that, instead of the nent putting its money into buildings for private hospitals, d establish its own service. That was not done at the time, der the present conditions I think that the Government is bligated to continue to do this until it provides something

HAIRMAN. I think that it was the thought then, and perhaps been the thought ever since, that it was more economical to hospitals under private control, and that at the same time l give the community more abundant opportunity to diffuse vities of this kind.
VILSON. I am frank to admit that the Government will get vice done at less cost to itself through private agencies than ould perform the service directly, but, on the other hand, tter of public policy, I think there is a great deal of weight argument that if the Government does not aid all charities

you will have very considerable and substantial efforts made without the Government, and the community will reap the benefit. For instance, in the city of Boston not a dollar is given from the public treasury to any privately operated charitable institution.

The CHAIRMAN. That is because they have their own institutions.

Mr. WILSON. Nevertheless, there is no city probably in the world, and certainly not in the United States, that has as many private institutions as large and as well endowed and supported as the city of Boston has.

The CHAIRMAN. For instance, we have in Chicago the county hospital, which is essentially the municipal hospital, and it is a wonderful institution.

EASTERN DISPENSARY AND CASUALTY HOSPITAL.

The CHAIRMAN. For the Eastern Dispensary and Casualty Hospital you have an estimate of $6,700. What do you mean by "Casualty Hospital"?

Mr. WILSON. That happens to be the legal name under which it goes.

The CHAIRMAN. They handle emergency cases?

Mr. WILSON. Yes, sir; emergency cases arising from any kind of casualty. For instance, if a woman is very ill at home or if a man is very ill at home, we do not send them here, but we will send them to a general hospital. These are usually cases originating in some public casualty on the streets or from some accident.

The CHAIRMAN. For the Eastern Dispensary and Casualty Hospital you are asking $6,700. Where is this institution?

Mr. WILSON. The Eastern Dispensary and Casualty Hospital is in the northeast section. It is at Eighth and Massachusetts Avenue NE.

The CHAIRMAN. For 1920 you had $25,000 for this institution, $15,000 for 1921, and your appropriation for 1922 is $5,000. For 1923 you estimated for only $5,000.

Mr. WILSON. Yes, sir; but that will be grossly inadequate. The explanation is this: That institution in the past three or four years has declined to take or to keep District of Columbia patients when they could avoid it. They did take accident cases when they occurred, but they encouraged them to get out and go to other hospitals as promptly as they could. That was because they were caring for patients of the Public Health Service, who paid them more than we were paying. They said, "We are poor and are not endowed, and are hardly able to live."

The CHAIRMAN. What did you pay them?

Mr. WILSON. Two dollars per day, and the Public Health Service paid them $3 per day.

The CHAIRMAN. Is that what you pay them now?

Mr. WILSON. Yes, sir; the rate was $1.75 and then was increased to $2.

The CHAIRMAN. Of course, you do not have to send your cases there?

Mr. WILSON. We do in this way, that we have to send emergency cases to the nearest hospital. We provide that they shall go to the nearest hospital.

'HAIRMAN. What advantage is there in that?
WILSON. It is because of the shorter time involved. If a knocked down in the street we want to get him to the hospital ninutes rather than in 20 minutes, if possible. In such in- a doctor goes with the ambulance, and he can render first topping a hemorrhage, or something of that sort.
CHAIRMAN. If you should not get this amount you would not, se, create a deficiency, would you?
WILSON. Under the law there is no legal obligation against vernment, and each contract, of course, is made in conformity ie law. In the case of all the other institutions the Govern- as not been accustomed to recognize the obligation to meet cies, but in the case of the two hospitals that handle accident ie Government has been accustomed to recognize the obliga- There is a great discrepancy in our estimate here, but that is because this hospital went out of our business as far as it nd went into the business of caring for Public Health Service s, on account of the higher rate of compensation. Now the Health Service has discontinued its work at this institution v are anxious to get our business.
CHAIRMAN. The only reason you reduced the estimate to was because you did not expect that the Public Health Service surrender the use of the hospital?
WILSON. That is true. For several years you will notice that not use it.
CHAIRMAN. How much of this appropriation of $5,000 for ve you available?
WILSON. We have spent about $1,400 more than the appro- n, or we are obligated to that extent.
CHAIRMAN. So that, as a matter of fact, you are really obli- or $1,400 now?
WILSON. Yes, sir; that much more than the appropriation.
CHAIRMAN. How many patients have you there?
WILSON. Twenty-seven. Last year the average was only year before it was 9, and the year before that the average

MUNICIPAL LODGING HOUSE AND WOOD YARD.

MAINTENANCE.

CHAIRMAN. For the municipal lodging house and wood yard $1,000 for maintenance. Why do you ask that amount?
WILSON. Because of the greatly increased demand. That is actual deficiency at this moment. We had $200 in the main- fund on the 1st of February. As you know, there have good many more people looking for work, or people of the nown as the homeless man, than formerly, and for the first 10 years we have had the lodging house crowded. We have nning at the rate of about 20, and now we have 50 every which is the total capacity. Some are turned away because not accommodate them. I took the matter up with the ssioners, and one or two private efforts have been started to it in lodging homeless men. I said to the commissioners that

for about 30 cents per day we could care for the men so far as food is concerned. The lodging house accommodates 50 men, and that would amount to $15 per day. For the 60 days in February and March that would amount to $900. Then for April, May, and June it would fall off, and $300 more would meet the situation. With that amount, we thought that we would likely be able to take everybody who might apply and give them two meals. They do some work in the way of sawing wood in the yard.

The CHAIRMAN. What does the wood sawing amount to?

Mr. WILSON. To a little bit more than the cost of handling it. That goes into the Treasury each year. For the last two years it has been a very nominal amount. We used to turn in a few hundred dollars.

The CHAIRMAN. In 1921 you expended, under this head, $1,995.19?

Mr. WILSON. Yes, sir.

The CHAIRMAN. And we appropriated $2,000 for that year?

Mr. WILSON. Yes, sir.

The CHAIRMAN. Do you think you will need $1,000 for the next four months?

Mr. WILSON. Yes, sir; for the reasons I have just submitted. We could go ahead, of course, and have no deficiency. We could use the lodging house and not feed the men, but we felt that we should submit that matter to you and let you decide it. We think that with $1,000 we could probably receive and feed those men up to the capacity of the lodging house for the balance of the fiscal year.

The CHAIRMAN. Why should you feed them?

Mr. WILSON. If a man has to be provided with a place to sleep he is apt to beg the price of a meal, and we think that it should be the policy of such an institution to avoid that, if possible. We can give the men plenty of work to do. There are only three persons employed there in taking care of the house, and there is something for these people to do. The scrubbing, cleaning, making the beds, and work of that kind, is done by these men.

ERECTION OF A NEW LODGING HOUSE.

The CHAIRMAN. You are asking $33,000 for the erection of a new municipal lodging house?

Mr. WILSON. Yes, sir.

The CHAIRMAN. Is that authorized by law?

Mr. WILSON. It is authorized by law, as indicated in the bill. It was appropriated for in the act of 1916.

The CHAIRMAN. Was that appropriation of $40,000 used?

Mr. WILSON. No, sir. Approximately $10,000 was used in the purchase of a lot. The building plans were prepared by the municipal architect, and therefore there is no charge against this appropriation other than for the land.

The CHAIRMAN. This is not a deficiency?

Mr. WILSON. I thought it was. There is an appropriation here authorized for this specific purpose, and this is an additional amount required to carry it out.

The CHAIRMAN. This is not a good time to build, because it costs too much. It will cost you at the rate of $1.66 for every dollar's worth of work you get now.

WILSON. I know it is amazing, and I am very much disap-
d.
CHAIRMAN. It was up to $2.46, and now it is $1.46. If we
little longer it may be down to $1.
WILSON. It is too high.
BYRNS. Where is this located?
WILSON. On Louisiana Avenue, just a little west of the old
:t Building, near Sixth Street.
BYRNS. Where is the present municipal lodging house?
WILSON. On Twelfth Street, opposite the post office.
CHAIRMAN. Is the new site near the courthouse?
WILSON. Just a little west of the corner of the Courthouse
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SUPPORT OF THE INDIGENT INSANE.

ST. ELIZABETHS HOSPITAL.

CHAIRMAN. For the support of the indigent insane of the
:t of Columbia at St. Elizabeths Hospital you are asking
)0. What is that for?
WILSON. This is simply the best estimate that the auditor's
show, and it is a deficiency that is likely to occur through the
ion of law, over which we have no control whatsoever, except
:ry limited way, in that we do deport as soon as we can non-
ıt cases. You will notice that the estimate was $900,000 for
ınd now the estimate is $50,000 more than that, or a total of
)0.
CHAIRMAN. The appropriation for the current fiscal year is
)0.
WILSON. Yes, sir; and the bills for six months amount to
41.14.
CHAIRMAN. That is for the first six months?
WILSON. Yes, sir.
CHAIRMAN. At that rate——
WILSON (interposing). It would be $954,000.
CHAIRMAN. How many patients have you over there?
WILSON. One thousand seven hundred and sixty-two last year,
is a little bit more now. The number is not varying greatly.
CHAIRMAN. These are all District patients?
WILSON. All District of Columbia patients; yes, sir. There
deral patients, too, as you know, and the total number is ap-
ıately 4,000, as I recall.
CHAIRMAN. That would be about $600 per patient, would it

WILSON. The auditor tells me $532.90. You understand it is
more than double what it was—that is, what it was five years
.nd it is fixed by the Secretary of the Interior under the law,
om that we have no appeal.
CHAIRMAN. You would have no discretion in this matter,
you?
WILSON. None at all.
CHAIRMAN. Is this all paid out of District revenues?
WILSON. 60–40.

The CHAIRMAN. How many patients did you say?

Mr. WILSON. One thousand seven hundred and sixty-two last year, and there are a few more this year. There is a slight increase over last year.

DEPORTATION OF NONRESIDENT INSANE.

The CHAIRMAN. The next item is for the deportation of nonresident insane persons, for which you ask a deficiency appropriation of $1,000.

Mr. WILSON. Yes, sir.

The CHAIRMAN. What is the cause of that?

Mr. WILSON. We have used $3,364 out of the $5,000, leaving us a balance of a little less than $1,630.

The CHAIRMAN. Is that for the first six months?

Mr. WILSON. No, sir; that is up to the present time.

The CHAIRMAN. Seven months?

Mr. WILSON. Yes; practically seven months. We have not been able to get the very last dollar.

The CHAIRMAN. What cases does this cover?

Mr. WILSON. This is for the deportation of the nonresident insane.

The CHAIRMAN. Is this reimbursable by the States?

Mr. WILSON. No; in no instance. Under a reciprocal arrangement the same thing obtains as to patients sent here. They will send back to us patients that belong to the District, but we never reimburse them and they do not reimburse us. That is the universal custom. There are just a few institutions—but not any of the States—that are good enough to send for a patient if he escapes, but only a few. Unless a patient has escaped they never do it.

The CHAIRMAN. Do you consider this appropriation more economical than to care for them?

Mr. WILSON. Yes, sir; I do. I can conscientiously make Mrs. West's bargain with you and say that with this $1,000 we will save you many times $1,000, because otherwise we would have to keep these patients for an indefinite time. Most of them live for a long time, because they are largely men—a few of them are women—who are hale and well. They are able to get about the country, and they get away from other places. As shown on page 10 of our report, the total number of patients admitted to the hospital from 1905 to 1921 was 6,792, and the actual number we deported in the same time was 1,500 out of that 6,792. In other words, we have taken away just a fraction over 20 per cent of them.

The CHAIRMAN. And you sent them to their homes?

Mr. WILSON. Mostly to their homes; the law is a little liberal; it says to their friends or to the place of their legal residence. Sometimes we can get a friend to receive a patient, or if they have a legal residence we can always get them back there.

Mr. DONOVAN. That finishes with the District, except as to one item that is on the way to you through the Budget. Unfortunately it was overlooked in the preparation of these estimates. The item to which I refer is $1,500 additional for postage on official mail matter for this fiscal year.

The CHAIRMAN. Why do you need $1,500?

Mr. DONOVAN. Because, Mr. Chairman, we will not be able to get through the fiscal year with our present appropriation of $12,500, which was a reduction of $2,500 over the appropriation made for a similar purpose for the three previous fiscal years. Our expenditures for postage for the first seven months have averaged about $1,275 a month; on that basis for four months, March, April, May, and June, we would need approximately $5,000. We have a balance of about $2,300 and we are only asking for $1,500 additional, which is $1,000 less than we have been getting for the past three or four years. The volume of mail matter we have to handle is growing rather than decreasing.

The CHAIRMAN. You are not really asking for any more than you have had—is that right?

Mr. DONOVAN. We are asking $1,000 less than we have had for several years past; even with this deficiency of $1,500 we will still be $1,000 under the previous appropriations.

TUESDAY, FEBRUARY 14, 1922.

RECORDER OF DEEDS.

STATEMENT OF MR. JOHN F. COSTELLO, RECORDER.

PURCHASE OF BOOK TYPEWRITER MACHINES.

The CHAIRMAN. "The recorder of deeds of the District of Columbia is authorized to purchase book typewriter machines or parts thereof to an amount not exceeding $6,549: *Provided however*, That not to exceed $5,872.20 of the purchase price shall be paid from the fees and emoluments of his office, and that he shall exchange, as the balance of the purchase price old book typewriter machines of the value of not less than $676.80." What do you want this money for?

Mr. COSTELLO. For new machines.

The CHAIRMAN. Have you got to have these new machines now?

Mr. COSTELLO. Yes, sir.

The CHAIRMAN. Why?

Mr. COSTELLO. We should have had them six months ago, because the machines we have are getting in very poor condition and getting worse from day to day.

The CHAIRMAN. What is your appropriation for 1923?

Mr. COSTELLO. There is no appropriation for our office, except the item of rent. The office itself is self-sustaining.

The CHAIRMAN. Why do you come to us?

Mr. COSTELLO. I come to you, Mr. Chairman, to ask for the authorization of Congress to spend the money that we have on hand for these new machines.

The CHAIRMAN. If the office is self-sustaining, have you not the authority?

Mr. COSTELLO. No, sir; we lack the authority. The authority is very limited.

The CHAIRMAN. How long has it been since you purchased machines?

Mr. COSTELLO. As near as I can recollect it is between four and five years, four years and six months.

The CHAIRMAN. How many machines are there?

Mr. COSTELLO. Twenty-five machines.

The CHAIRMAN. What do they cost?

Mr. COSTELLO. The cost of the new machines is $357 each.

The CHAIRMAN. Those are the machines that set on the record books?

Mr. COSTELLO. Yes, sir; very large machines.

Mr. WOOD. The desk is not worn out?

Mr. COSTELLO. No, sir. We are not getting altogether new machines. For instance, I am asking for 24 new Elliott-Fisher machines, model T-12, and then I am asking, in addition to that, for 5 new machines complete, because the work of the office has grown so and is so heavy that we are now nearly six months in turning a record back to the public. With five more machines we can put on five more typists.

Mr. BYRNS. It is six months before you register a deed?

Mr. COSTELLO. Very nearly six months. It will be almost six months before we can return your deed as being recorded in our office—between five and six months.

The CHAIRMAN. How much available money have you on hand?

Mr. COSTELLO. We have on hand up to date a balance of $13,516.85.

Mr. WOOD. Is that in the Treasury?

Mr. COSTELLO. No; it is deposited to the account of the recorder of deeds in a national bank.

Mr. WOOD. When is it covered into the Treasury?

Mr. COSTELLO. The first day after the 1st of July each year, whatever balance we might have.

The CHAIRMAN. You pay all of your expenses out of the receipts?

Mr. COSTELLO. All except the item of rent. That has only occurred in the last two years because prior to that time we were in the courthouse, up to the time that it was remodeled.

Mr. WOOD. Why did you not go back into the courthouse?

Mr. COSTELLO. As I understood, that is what Mr. Sisson said of the subcommittee that made the appropriation, that the reason for granting the money was upon the recommendation of the justices. Mr. Covington was chief justice at that time, on account of the extreme value of the real estate records, that was one of the principal reasons given why the appropriation was made, but when the remodeling was completed the justices decided that there was no room for us. We were in a rented structure then and have been ever since.

Mr. BYRNS. You are not in a fireproof building?

Mr. COSTELLO. I should say it is; at least semifireproof. It is in the Century Building, built in 1900, 21 years ago. It was the first building erected in Washington of iron and concrete and so it is practically fireproof, but we have wooden floors.

Mr. WOOD. What have they in the space occupied by you in the courthouse?

Mr. COSTELLO. I think the marshal's office is there.

Mr. WOOD. Was not the marshal's office in the building before?

Mr. COSTELLO. Yes, sir; but it was on the other side. In reconstructing the courthouse I think the idea of the justices was to make room for two additional justices which they expected to have, because their docket, as I understand it, has been congested for some years.

The CHAIRMAN. Would you employ, if you had the machines, five additional record writers and typists?

Mr. COSTELLO. Yes, sir.

The CHAIRMAN. Do you pay these record writers by the folio?

Mr. COSTELLO. No; we are authorized by law to pay them 40 per cent of the recording price of the deed.

The CHAIRMAN. You pay them up to the full 40 per cent?

Mr. COSTELLO. Yes, sir.

The CHAIRMAN. What are the annual receipts of the office?

Mr. COSTELLO. Really, I did not bring that along with me. I had that here when I appeared before the Appropriations Committee.

The CHAIRMAN. Approximately?

Mr. COSTELLO. I think the highest amount of receipts was about $87,000 a year.

The CHAIRMAN. How many employees have you?

Mr. COSTELLO. We have now all told, counting myself, 54.

The CHAIRMAN. How many machines have you?

Mr. COSTELLO. Twenty-five.

The CHAIRMAN. How many more do you want?

Mr. COSTELLO. Five more.

The CHAIRMAN. I think I understood you to say that they cost $350?

Mr. COSTELLO. $357 each.

The CHAIRMAN. That would only amount to——

Mr. COSTELLO (interposing). $1,775.

The CHAIRMAN. What is to become of the other money?

Mr. COSTELLO. We want 24 new machines to put on typewriter desks, etc.

The CHAIRMAN. What will they cost?

Mr. COSTELLO. $190 each.

The CHAIRMAN. How much does that amount to?

Mr. COSTELLO. $4,560; only they allow us for the old machines $648.

The CHAIRMAN. You have a minimum allowance here of $676.80.

Mr. COSTELLO. I have here——

The CHAIRMAN (interposing). Do you think this is an emergency?

Mr. COSTELLO. The result will be, I am afraid, that the work of the office will practically break down.

The CHAIRMAN. How far behind are you with your work now?

Mr. COSTELLO. Five or six months.

The CHAIRMAN. How long will it take you to get the work of the office current if you are given the additional facilities?

Mr. COSTELLO. I am afraid that it would take some time, because the work of the office is very heavy. I have no authority and no leeway in any way. These conditional bills of sale take an immense amount of time. Yet me must take them, and it takes a clerk just as long or longer than to record property costing thousands of dollars. We have to use the same book.

Mr. WOOD. You record them on the same book?

Mr. COSTELLO. Yes, sir.

Mr. WOOD. Do you not keep any miscellaneous record?

Mr. COSTELLO. I have not the authority to do it. When I reported to the Appropriations Committee some few weeks ago I think it was Congressman Davis and Congressman Johnson who suggested that I get in touch with the United States district attorney, who is our legal advisor, and that we get together with him and map out some essential program for changes in the work.

Mr. WOOD. You record your mortgages in the same book with the chattels?

Mr. COSTELLO. Yes, sir; mortgages, chattels, and bills of sale are all recorded in the same book.

Mr. WOOD. You have one book?

Mr. COSTELLO. Yes, sir; we have an obsolete system.

Mr. WOOD. I should think so.

The CHAIRMAN. If you do not get this money what situation will you be in?

Mr. COSTELLO. We are short of typists now. While they all work very hard, a machine may break down to-day and it may take us two or three days to get it repaired so that they can operate on it again. In addition to that the type on these machines has worn and they cut into the permanent record books and in some cases they are almost illegible.

TUESDAY, FEBRUARY 14, 1922.

NATIONAL ZOOLOGICAL PARK.

STATEMENTS OF MR. NED HOLLISTER, SUPERINTENDENT NATIONAL ZOOLOGICAL PARK, AND MR. D. W. HOLTON, WATER DEPARTMENT, DISTRICT OF COLUMBIA.

LAYING OF WATER MAINS.

The CHAIRMAN. You are asking for $3,250 to lay a water main in the Zoological Park. Is that an emergency or a deficiency?

Mr. HOLLISTER. Our attention was called to this matter just a month ago and after our regular appropriation hearing. Capt. Wood, assistant to the engineer commissioner, came to the park and impressed me with the necessity of taking more or all of our water off of the second high, as it is called, which is on the east side of the park, instead of from the third high on the west side of the park. We have a 6-inch pipe that comes in from the Harvard Street gate and goes up to the elephant house in the park from the second high; the rest of the water comes from the Connecticut Avenue gate from this third high.

The CHAIRMAN. Is this an emergency?

Mr. HOLLISTER. Capt. Wood tells me it is.

The CHAIRMAN. Tell us what the emergency is.

Mr. HOLLISTER. We have not money enough to do it this year.

The CHAIRMAN. Do you have to do it? That is what I want to find out.

Mr. HOLLISTER. He tells me that the demand for water on this high service is so great that recently he has refused Chevy Chase 100,000 gallons of water a day, and that he would like to have us take all of our water from the second high.

The CHAIRMAN. Then this is to accommodate somebody else?

Mr. HOLLISTER. It is chiefly a matter in the interest of the water department. The assistant to the engineer commissioner asked us to put in this estimate, and he said he would be glad to defend it for us. He has convinced me that he is right about it, and he knows more about the city water supply than I do.

The CHAIRMAN. Do they say the water supply is short?

Mr. HOLLISTER. They say it is on the third high reservoir, which is the Reno Reservoir.

The CHAIRMAN. What is the emergency in connection with this?

Mr. HOLLISTER. He tells me that the demand is so great for water from this third high service that they are refusing, as I say, to deliver water to Chevy Chase, and he tells me a serious situation exists. I have his statement for that.

The CHAIRMAN. Nobody has made any such statement as that in connection with the water supply or in connection with the problem of extending and increasing the water supply. How would this obviate that condition?

Mr. HOLLISTER. Shall I read Capt. Wood's letter?

The CHAIRMAN. Yes; as I say, how would this obviate it?

Mr. HOLLISTER. Capt. Wood has sent an engineer from the water department to explain the engineers' part of it. I know nothing about that. Capt. Wood writes:

With further reference to the water supply within the grounds of the Zoological Park, which I discussed with you to-day, I would again suggest the desirability of serving your grounds solely from the Brightwood Reservoir via the Harvard Street entrance. This service has an effective head of 276 feet which would furnish a resultant head of 271.4 at the Zoo Grounds. A study of the contours indicates that your highest fixture is 230 feet.

The average daily consumption by the Zoo is 269,000 gallons from the second high supply and 115,000 gallons from the third high. The third high service enters your grounds at the Connecticut Avenue gate, and is on the Reno Reservoir service. I would invite your attention to the fact that this is our most expensive and most sensitive service, having a reservoir capacity of only little more than one day's consumption, and is served by pumps which are not considered adequate in the presence of ordinary hazards. So close to the margin is this Reno service that a very strong appeal for 100,000 gallons daily recently made by the residents of Chevy Chase, Md., was denied as not consistent with the necessary protection for the people within the District boundaries.

Engineers of the water department have studied your supply and recommend that the existing 6-inch main from the Harvard Street entrance be extended from a point near the elephant house in a northwesterly direction to replace the existing 2-inch service from the Connecticut Avenue entrance; and that the Connecticut Avenue service valve be closed so that service will not be used except in emergencies. It is estimated that such an adjustment would involve the laying of approximately 1,500 feet of 6-inch pipe at a cost of $2,850. The water department would install this line should you desire, reimbursement being made to the District by the usual transfer voucher.

It is suggested that your engineer look into the advisability of such an extension. The water department will be pleased to offer any assistance desired in connection with his investigations and in furnishing you any data you may desire.

Such a change would be a decided public benefit. Should it be necessary to require a supplemental appropriation for this item the District will show justification of the same and assist your office in every manner possible.

The CHAIRMAN. Does the District furnish water to Chevy Chase?

Mr. HOLLISTER. Mr. Holton, of the District water department, can explain that.

Mr. HOLTON. That refers to Chevy Chase, Md.

The CHAIRMAN. Do we supply them with water?

Mr. HOLTON. We do not.

The CHAIRMAN. Then this is not an emergency that calls for an expenditure at this time?

Mr. HOLTON. I might add something to this. The Zoological Park ground is practically below the 200-foot contour. This second high service, of which he speaks, is perfectly capable of supplying all of the water for that territory.

The CHAIRMAN. You mean the Zoological Park?

Mr. HOLTON. Yes. Now, the third high service comes in from the other side.

The CHAIRMAN. Where is the third high—up on the Sixteenth Street heights?

Mr. HOLTON. No, sir; the third high is generally north of Mount Pleasant and west of Connecticut Avenue.

The CHAIRMAN. Your reservoir is on Sixteenth Street?

Mr. HOLTON. No; the reservoir for the third high service is at Tenleytown. As I understand it, they also use this water main for fire protection.

The CHAIRMAN. As I understand it, you want them to use the second high service altogether?

Mr. HOLLISTER. That is the idea; yes, sir.

The CHAIRMAN. Would that give you the necessary fire protection?

Mr. HOLLISTER. Yes, sir.

The CHAIRMAN. This has nothing to do with the District of Columbia at all, has it?

Mr. HOLLISTER. Yes; it has to do with the Zoological Park.

The CHAIRMAN. There is a request by Chevy Chase, Md., for water from the District of Columbia, and to supply them you propose to invest money in a water main for the purpose of taking your water supply from another source; is that right?

Mr. HOLLISTER. Maryland has nothing to do with it; that was merely used as an illustration—that is, the refusal of the request made by Chevy Chase, Md., was mentioned to show the urgency for reducing our consumption of water from the third high, and that it was near the danger limit.

The CHAIRMAN. You are getting your water from the second high service now?

Mr. HOLLISTER. We are getting 269,000 gallons daily from the second high supply and 115,000 gallons from the third high.

The CHAIRMAN. The water that goes to the third high comes from the second high?

Mr. HOLTON. No; they are two distinct services.

The CHAIRMAN. The water does not go through the lower level to get into the higher level?

Mr. HOLTON. No; it does not. The pumps take it from the gravity service. I want to add that the size of that Connecticut Avenue line is 2 or 2½ inches, and the line in the second high is 6 inches.

Mr. BYRNS. If this main was put in would you get all of your water from Harvard Street?

Mr. HOLLISTER. Yes, sir.

Mr. BYRNS. And you would get none from Connecticut Avenue?

Mr. HOLLISTER. No, sir.

Mr. BYRNS. As I understand, you are now getting 269,000 gallons daily from the Harvard Street gate?

Mr. HOLLISTER. Yes, sir; and 115,000 gallons a day from the Connecticut Avenue side, from the third high.

Mr. BYRNS. And this would take care of the 115,000 gallons?

Mr. HOLLISTER. Yes. What Capt. Wood wishes us to do is to cease using water from the third high and get it all from the second high.

The CHAIRMAN. You have a 6-inch main, you say, on the second high line?

Mr. HOLLISTER. Yes, sir.

The CHAIRMAN. If the 6-inch main were run at its full limit, how much water would it deliver?

Mr. HOLLISTER. I suspect the 6-inch main would deliver——

The CHAIRMAN (interposing). Over 300,000 gallons daily?

Mr. HOLLISTER. Oh, yes, sir.

The CHAIRMAN. Then why do you need more pipe, if you have enough pipe now?

Mr. HOLTON. The small pipes run from this point up in through here [indicating on map], and to get the pressure and get the volume up here [indicating] you need a 6-inch pipe.

The CHAIRMAN. You want to supplement the 6-inch pipe that comes from the reservoir?

Mr. HOLTON. Yes, sir; to extend it, and furnish fire protection as well as an adequate supply of water. There is a farm building up there that really needs protection, in my judgment.

The CHAIRMAN. What kind of a farm building?

Mr. HOLTON. Stables of wooden construction.

The CHAIRMAN. You do not consider this an emergency, do you?

Mr. HOLLISTER. That is entirely for the engineers to say.

Mr. HOLTON. I would: yes.

The CHAIRMAN. Tell us what the emergency is.

Mr. HOLTON. Well, in the water department we always consider something an emergency that will save money.

The CHAIRMAN. How long have you thought about this? When did you first discover that this was an emergency?

Mr. HOLTON. Since we have known that water has been used to such a large extent on the Connecticut Avenue side.

The CHAIRMAN. How long has that main been in there?

Mr. HOLTON. I can not tell.

Mr. HOLLISTER. This pipe from the third high has been added since this main pipe was brought in from the second high [indicating on map]. The main pipe was brought in and run up to the elephant house some 25 years ago, and since then the northwestern part of the park has been developed [indicating], and a 2-inch pipe has been brought in from Connecticut Avenue to supply this region [indicating]. That is where we are now using 115,000 gallons a day, and which Capt. Wood would like to have us take from the other service.

TUESDAY, FEBRUARY 14, 1922.

PUBLIC BUILDINGS AND GROUNDS.

STATEMENT OF LIEUT. COL. CLARENCE O. SHERRILL, IN CHARGE.

FUEL FOR EXECUTIVE MANSION AND GREENHOUSES.

The CHAIRMAN. For fuel for the Executive Mansion and greenhouses you are asking $6,000. Why do you ask this deficiency, since prices have gone down?

Col. SHERRILL. The coal price for the fiscal year 1920 was $9.69 per ton for anthracite, and for each of the years, 1921 and 1922, we paid $12.39 per ton.

The CHAIRMAN. How many tons of coal did you purchase?

Col. SHERRILL. For the greenhouses——

The CHAIRMAN (interposing). You do not burn anthracite coal in greenhouses, do you?

Col. SHERRILL. Yes, sir.

The CHAIRMAN. Why?

Col. SHERRILL. We have to burn it on account of the excessive smoke from soft coal.

The CHAIRMAN. You do not burn it anywhere else?

Col. SHERRILL. Yes, sir; in that neighborhood they must use hard coal if they do not have very high stacks by which to get rid of the smoke. Where we have these low stacks we have to burn anthracite to keep the coal from covering the plants and ruining them. That is the reason, in addition to the smoke nuisance itself. I have a statement here showing the amount of coal burned during several different years. Under that first item of repairs, fuel, etc., Executive Mansion, for the fiscal year 1920, we burned 806 tons of furnace coal and 75 tons of soft coal, and in the year 1921 we burned 805 tons of furnace coal and 90 tons of soft coal.

The CHAIRMAN. In the greenhouses and Executive Mansion?

Col. SHERRILL. Yes, sir; in the greenhouses for the Executive Mansion and in the Executive Mansion itself.

The CHAIRMAN. Where are the greenhouses?

Col. SHERRILL. They are located up near the Bureau of Engraving and Printing.

The CHAIRMAN. What kind of coal do they burn at the Bureau of Engraving and Printing?

Col. SHERILL. I think they burn soft coal.

The CHAIRMAN. Why can you not burn soft coal?

Col. SHERRILL. We have no high stack. We have simply low boiler stacks, and it would be practically impossible to burn soft coal there. If we had a modern plant, which we ought to have, to heat those 32 greenhouses, we could burn soft coal in it.

The CHAIRMAN. Why do you need 32 greenhouses?

Col. SHERRILL. Half of them are used for the parks and half for the White House. All of our coal has been used up under these three items. In fact, we have used more coal than we have appropriations for.

The CHAIRMAN. I understood you to say that you had not used any more tons of coal this year.

Col. SHERRILL. No, sir; the amount of coal we have used right straight along has generally been the same, but there has been a difference in the price.

The CHAIRMAN. How many tons of coal did you say you used?

Col. SHERRILL. We used 881 tons in 1920 and 895 tons in 1921, and 60 cords of wood.

The CHAIRMAN. What was the difference in the prices?

Col. SHERRILL. In the fiscal year 1920 the price was $9.69 for soft coal and $12.34 for furnace coal. For 1921 the prices were, for furnace coal $13.24 and $13.09 for stove coal.

The CHAIRMAN. That does not make $6,000, or that difference does not account for $6,000. That would amount to $2,600, and you are asking for $6,000.

Col. SHERRILL. We burned, in 1921, $10,200 worth of coal, and the total now asked is $14,000.

The CHAIRMAN. Why do you want $14,000? I do not see how you get that.

Col. SHERRILL. We had an appropriation of $8,000 for 1921, which was supplemented by a deficiency appropriation of $2,200.

The CHAIRMAN. You estimated for 1922, $9,500.

Col. SHERRILL. Yes, sir. As a matter of fact, we have burned more coal up to the present time than we have the money to pay for.

The CHAIRMAN. What do you want with 32 greenhouses?

Col. SHERRILL. The greenhouses take care of the plants for the parks and supply flowers for the White House. Our beds have to be replanted and the bulbs taken care of.

The CHAIRMAN. How much coal do you burn in the greenhouses?

Col. SHERRILL. We burn at the greenhouses 600 tons.

The CHAIRMAN. And 75 tons at the White House?

Col. SHERRILL. We burn approximately 300 tons at the White House and about 80 tons at the Executive Offices.

The CHAIRMAN. Is not that included in the coal for the Executive Mansion?

Col. SHERRILL. It is not in the same system. It is an entirely different plant. I have a statement of the amount of coal consumed there. We have figures showing that for each ton of coal burned at the Executive Mansion we get 126 square feet of radiation, whereas the average amount of radiation in private residences per ton of coal is about 85 square feet. In other words, we get 50 per cent more efficiency than they do in ordinary private homes. There is a tremendous area to be covered and taken care of in the White House, or Executive Mansion, and offices.

The CHAIRMAN. What will be the difference in the price of soft coal and hard coal? It would be $6 a ton, would it not?

Col. SHERRILL. Yes, sir; I think there would be that difference, or rather $5. I have not the price of soft coal here, because this is only hard coal. Some time ago the question came up as to the use of soft coal, and it appears they had tried it down there, but it did not work at all. They could not possibly handle soft coal.

The CHAIRMAN. If it were your place you would handle it with soft coal, would you not?

Col. SHERRILL. I would use soft coal if it were possible, and if I could avoid being haled before the law. I have here some remarks about the matter of heating those greenhouses.

The CHAIRMAN. It is a matter of having it done as economically for the Government as if it were yours individually.

Col. SHERRILL. Personally, if I could do it for myself with soft coal I would certainly do it for the Government with soft coal.

The CHAIRMAN. What is the statement you desire to make?

Col. SHERRILL. Approximately the same quantity of coal has been used for several years, the only difference being that the price of coal has almost doubled. It is absolutely necessary to keep a uniform temperature in greenhouses, because a fluctuation of 5° will often produce mildew, which means ruin to plants. Even under these conditions we have to keep dusting with flour of sulphur to prevent mildew. On days when we have sunshine we have to keep the heat up so that we can ventilate freely, as plants require fresh air, otherwise they would make a weak, spindly growth and become worthless. Another reason for always keeping the heat up is the sudden changes in temperature that frequently occur both during the day and night, hence the necessity of being prepared to meet these conditons. The outside temperature sometimes drops 15° to 20° in a few hours. During the recent heavy storm we lost quite a number of bay trees due to the fact that we could not keep one of the old greenhouses sufficiently heated to take care of them. Our present heating plant consists of 13 boilers, varying in size. Our plant is not constructed for burning bituminous coal. During the coal famine a few years ago we tried it with very unsatisfactory results. There is no doubt but that with a modern heating plant we would not only save in coal but labor. Many of our greenhouses are old and in bad condition, so that we frequently have to resort to coal-oil heaters to maintain the required temperatures.

On several occasions with even these precautions we have had considerable loss from plants being frozen. We usually start some of our fires in the latter part of September and increase them as the weather gets colder and continue them until about the 10th day of May. The reason we burn more coal in the White House greenhouses than in the propagating gardens greenhouses is that the plants in the White House greenhouses require a much higher temperature. We do everything we can to decrease the consumption of coal.

The CHAIRMAN. You asked for $12,000 in your estimate for 1923. Was that because coal was cheaper or because you were not going to use as much coal?

Col. SHERRILL. The estimate for 1923 is $14,000.

The CHAIRMAN. You say you will not be able to get along without $14,000?

Col. SHERRILL. No, sir.

The CHAIRMAN. How do you account for coal going up from $9.69 to $12.39?

Col. SHERRILL. I do not know how to account for that, except the increased cost of mining and railroad transportation.

The CHAIRMAN. Freight rates are not any higher now than they were two years ago, are they, and mining wages are not any higher?

Col. SHERRILL. We buy through the Government fuel yards, and that is the price we have to pay.

The CHAIRMAN. How much money are they making?

Col. SHERRILL. They are supposed to furnish this coal at the cost at the mine, plus transportation and plus 1 a ton for delivery.

The CHAIRMAN. Then they are not making very good contracts, because I can buy coal cheaper than you are buying it.

Col. SHERRILL. Personally I bought some coal some time ago for my private use and it cost me $15.50, anthracite coal.

HEATING OFFICES, WATCHMEN'S LODGES, ETC.

The CHAIRMAN. For heating offices, watchmen's lodges, and greenhouses at the propagating gardens you are asking $2,000. Explain that, Colonel.

Col. SHERRILL. That is a park item, and also the item for the propagating gardens. It is also for the purpose of heating the various lodges and comfort stations we have throughout the parks, as well as for heating the main office and the offices of the foremen.

The CHAIRMAN. Is this based on a higher price for coal, a larger quantity of coal, or a determination not to live within the appropriation?

Col. SHERRILL. It is based on a higher price for coal, because we use practically the same with some increase due to power quality. In 1920 we used 449 tons of furnace coal, 23 tons of stove coal, and 21 tons of nut coal; in 1921 we used 422 tons of furnace coal, 11 tons of stove coal, and 28 tons of nut coal, so that the amount of coal used last year was less.

The CHAIRMAN. How did you arrive at the exact sum of $2,000? Did you just guess at it?

Col. SHERRILL. No; we made an estimate of what we would need.

The CHAIRMAN. Have you figured it out?

Col. SHERRILL. Yes, sir; we figured it out.

The CHAIRMAN. How did you get at it? Give us the figures.

Col. SHERRILL. Taking 500 tons, which is about the amount we burned in the past, and multiplying it by $12.39, you get $6,195.

The CHAIRMAN. Then you do not need $6,500?

Col. SHERRILL. It is $6,000 plus $500 which we put in to pay for our share of heating the building in which the offices of public buildings and grounds are located. Heretofore those offices have been heated out of funds furnished by the War Department without reimbursement.

The CHAIRMAN. They are furnishing the heat now?

Col. SHERRILL. They have been, but they now and properly demand that we pay our share, and our share would be a little over $600, but there has been estimated, to take care of the building, $500 additional.

The CHAIRMAN. It all comes out of the Treasury of the United States, so what is the use of appropriating for it twice?

Col. SHERRILL. Under the rule that we have to pay for what we get we would have to reimburse their appropriation.

The CHAIRMAN. Give us the next item.

CARE AND MAINTENANCE OF THE WASHINGTON MONUMENT.

Col. SHERRILL. The next item is for the care and maintenance of the Washington Monument. I have here a detailed statement as to the basis on which this estimate was made. The amount of coal

burned is 360 tons at $12.39, making a total of $4,460; 40 cords of wood at $12, $480; 300 gallons of oil at 60 cents, $180.

The CHAIRMAN. What kind of oil?

Col. SHERRILL. That is engine oil and kerosene oil. The item is for fuel, light, oil, waste, packing, etc., under the head of the care and maintenance of Washington Monument. We will be able to run the Washington Monument with the funds we have until April 1, but without additional funds it will be necessary to close the elevator at that date and to light the monument with oil lamps.

The CHAIRMAN. How much did you have for 1922?

Col. SHERRILL. For 1920 we had $4,500 and for 1921 we had $5,000. The monument was closed approximately three months in 1921 on account of a breakdown in the machinery.

The CHAIRMAN. How much have you for 1922?

Col. SHERRILL. We have estimated for 1922 $5,500, and appropriated so far $4,500.

The CHAIRMAN. And you are asking for $2,000 additional?

Col. SHERRILL. Yes, sir.

The CHAIRMAN. Why is it that the cost keeps going up on all these things every year? Do you do any more in one year than you do in another?

Col. SHERRILL. No; the operation of that monument is practically the same each year except for the three months' breakdown in 1921; we run it the same number of hours every day and the same number of days in the year.

The CHAIRMAN. You ran it for $3,000 in 1915, 1916, 1917, and 1918, and now you are going up to $6,500. I can not quite understand it.

Col. SHERRILL. It is simply a difference in the cost of materials and labor.

The CHAIRMAN. All of these costs prevailed during the war and during those years you did not go up to $6,500. I do not imagine the costs are as high now as they were during the war.

Col. SHERRILL. The only costs I have before me are for 1920 and 1921.

The CHAIRMAN. In 1918 you had $5,000, which was during the war, and after the war, in 1919, 1920, and 1921, you had $4,500, with a deficiency appropriation of $500 in 1921.

Col. SHERRILL. The difference in the cost of maintaining the Washington Monument is mainly a question of the difference in the price of coal, a difference between $9.69 and $12.39.

The CHAIRMAN. How much coal did you use?

Col. SHERRILL. Three hundred and fifty-five tons.

The CHAIRMAN. There is a difference of $2.70 in the price of coal per ton, and with the use of 355 tons that would mean $958.50, while you are asking for $2,000. If there is nothing that makes any difference except the coal, how do you explain the difference between $958.50 and $2,000?

Col. SHERRILL. The estimate includes fuel, lights, oil, waste, packing, etc., connected with the operation of the power plant at the Washington National Monument and has been increased from $4,500 to $6,000 to provide for these things and the increased cost of coal and the increased amount made necessary by the inferior grade furnished. In addition to the increase of $1,500 it was considered neces-

sary to add $500 to provide for interior painting, which should be done in the monument during the coming fiscal year.

The CHAIRMAN. According to your own figures the difference amounts to $958.50.

Col. SHERRILL. Then there is $500 that was added in order to do necessary painting inside of the monument.

The CHAIRMAN. Then there is $500 more of which you have not given us an account, but that only makes $1,458.50, and you are asking for $2,000. It is necessary for us to keep figures.

Col. SHERRILL. And you are pretty good at it; I will say that. I have here the total of this estimate in detail; I read to you some of the first items; then going on down—paint, scrub brushes, toilet paper, soap, soap powder, boiler compounds, etc., $400; electric lamps, $100; ice, $50; inspector, $12; miscellaneous labor, painting, carpenter work, and plumbing, $600; and repairs to the machinery, $300, making a total of $6,582. That is the total estimate in detail.

The CHAIRMAN. If we give you $1,000 you will have all you need for your coal, will you not, and you said that was the principal item?

Col. SHERRILL. That is the absolutely vital item, but we absolutely need all estimated.

TUESDAY, FEBRUARY 14, 1922.

EMPLOYEES' COMPENSATION COMMISSION.

STATEMENT OF MR. CHARLES H. VERRILL, COMMISSIONER.

The CHAIRMAN. You are asking that $600,000 remain available until expended. Please tell us why you need $600,000 and, second, why do you have to make payments?

Mr. VERRILL. Because this amount is necessary to continue the payments of compensation to June 30.

The CHAIRMAN. Please tell us in detail?

Mr. VERRILL. It is based exclusively on the experience of the last six months of the calendar year; that is, the first six months of the fiscal year. Our expenditures for that period averaged $214,000.

The CHAIRMAN. For six months?

Mr. VERRILL. Yes, sir; $214,000 a month for six months. Now, those expenditures are somewhat below normal because we are somewhat behind hand in making medical payments, and so we accepted those figures with an increased expenditure of $10,500 per month on account of the permanent disabilities and death claims allowed during the first six months of the year. Those are continuing payments. We have to make an allowance for the cumulative ones and we make $10,500 a month for that purpose. So the total amount that will be needed from January 1 to June 30 is $1,374,000. We had a balance on January 1 of $746,000, and so we estimate that the amount needed is $600,000.

The CHAIRMAN. What is the amount needed?

Mr. VERRILL. $1,347,000.

The CHAIRMAN. How is that reached?

Mr. VERRILL. We reached the principal part of that on the experience of the first half of the year. There is no question of the amount falling off within the second half of the year.

The CHAIRMAN. And $10,000 additional?

Mr. VERRILL. Yes, sir.

The CHAIRMAN. Why?

Mr. VERRILL. Because of the death awards during the first six months on which we must continue to make payments, also for permanent disabilities which are long continuing and disabilities that come in during the first six months that will have to be carried. Furthermore, I mentioned the fact that we have been behind hand in making medical payments the past year to be taken care of out of this money.

PAYMENTS FOR PERSONAL INJURIES TO GOVERNMENT EMPLOYEES.

The CHAIRMAN. What class of cases?

Mr. VERRILL. Personal injuries of Government employees.

The CHAIRMAN. What compensation do they receive and for what class of injuries?

Mr. VERRILL. For any injury sustained while in the performance of duty in the Government service, $66.67 a month.

The CHAIRMAN. That is according to the pension act?

Mr. VERRILL. That is the maximum being paid in the case of the monthly pay being $100. When it is less than that, it is two-thirds the monthly pay.

The CHAIRMAN. How many cases have you now?

Mr. VERRILL. About 8,500 a year.

The CHAIRMAN. What do you provide in case of death, what is the compensation?

Mr. VERRILL. When I said 8,500, I meant new cases. The compensation in the case of death is 35 per cent to the widow.

The CHAIRMAN. Thirty-five per cent of the pay?

Mr. VERRILL. Yes, sir. That ordinarily would be $35 a month and then for each child under 18 years of age 10 per cent additional until 18 years of age, with the same limit of $66.67 per month.

The CHAIRMAN. How many cases have you altogether in which you are paying?

Mr. VERRILL. It would be something like 1,300 death claims on which awards have been made and on which we are paying now.

The CHAIRMAN. Up to now?

Mr. VERRILL. Yes, sir. In addition to that there would be something like probably 450 permanent cases.

The CHAIRMAN. How long under this law do they stay on the disability roll?

Mr. VERRILL. During disability.

The CHAIRMAN. There is no limit to time?

Mr. VERRILL. There is no limit to time.

The CHAIRMAN. Who decides when the time has expired?

Mr. VERRILL. The commission upon all the evidence.

The CHAIRMAN. How often is there required an examination for restoration to normal condition?

Mr. VERRILL. It depends on the case. If a man is blind or has a leg amputated, there is no necessity for repeated examinations, but we have a medical certificate with each payment where change is possible.

CHECKING TEMPORARY DISABILITY CASES.

The CHAIRMAN. What other classes of cases have you?

Mr. VERRILL. Temporary disability.

The CHAIRMAN. What do they consist of?

Mr. VERRILL. A man may be injured in his work and when he gets over his disability and returns to work we stop paying him.

The CHAIRMAN. Do you stop to inquire whether it will take a longer time for him to get back to work than it ought to take?

Mr. VERRILL. Yes, sir.

The CHAIRMAN. What system do you have for that?

Mr. VERRILL. As a routine measure we would have him submit to a thorough medical examination, and if we then had some doubts we would instruct the doctor to explain why disability was continuing so long. Then if that report was not entirely satisfactory, we would have an investigation made. We would ask the man's official superior to make a special report on the case, and if it were not practicable for him to do it, because of his not being in touch with the case, or because we had more confidence in our own information, we would have an investigation of our own made.

The CHAIRMAN. Have you any special system by which those investigations are made at given periods?

Mr. VERRILL. We have medical examinations, and we insist upon very thorough investigations being made, depending upon the nature of the case. They may be made once a month, once in two months, or once in three months, depending upon the nature of the case. A special personal investigation would not be made of a routine case, because in the average case the reports we get would be entirely satisfactory.

The CHAIRMAN. How do you know that a man does not stay on this pension roll or compensation roll longer than he ought?

Mr. VERRILL. We have to depend, in the first instance, upon the man's official superior.

The CHAIRMAN. But if the man's official superior did not continue with him——

Mr. VERRILL (interposing). We would rely in most cases upon the medical reports, and there are two classes of medical reports. One is from the doctor to whom the man is sent for treatment, and then we have special examinations made. In the special examinations we go into the very questions you are raising—that is, whether it is possible for a man to be still disabled in spite of the long time that has elapsed.

Mr. WOOD. Suppose a man working down here in the Navy Yard falls and breaks a rib? I presume that under ordinary circumstances he would be entitled to compensation until he went back to work. Unless there is something else the matter with him, the doctor would know about how long it would take for him to be all right again, or how long it would take him to recover from a fractured rib.

Mr. VERRILL. Yes, sir.

Mr. WOOD. But suppose he still complains that the pain suffered from it prevents him from going to work: How do you determine whether he has that pain or not?

Mr. VERRILL. There is no way known under heaven to do that.

The CHAIRMAN. Do you let him decide it?

Mr. VERRILL. No, sir; we have an examination made. We find out what he is doing. We may have the man observed when he does not know it.

The CHAIRMAN. Can you outline the system that you follow in that regard?

Mr. VERRILL. Yes, sir; but it depends upon the nature of the case.

The CHAIRMAN. Do you have any system, or could you give us in writing an outline of the system you have in that regard?

Mr. VERRILL. Yes, sir; but it would have to be an outline of the routine cases, which would represent the large percentage of the cases, and then we would have to have an outline covering the special cases.

The CHAIRMAN. The routine cases are the ones you have to watch, are they not?

Mr. VERRILL. No, sir; by routine cases I mean the ordinary cases where there is a statement under oath by the person and a statement from his official superior. In most such cases the medical examination would be considered conclusive. A man who is injured is sent to a doctor for medical treatment and the doctor makes an examination of him and reports to us. This report shows how long the man will probably be disabled.

The CHAIRMAN. Is the doctor required to make a final report when the man is able to go back to work?

Mr. VERRILL. Yes, sir.

The CHAIRMAN. Nobody is kept on your compensation roll after the doctor makes that final report?

Mr. VERRILL. Not contrary to the doctor's report; no, sir; unless, of course, there is another doctor's report. The man would have the right to say, "Here is what my doctor says; my doctor does not agree with yours."

The CHAIRMAN. What is the matter with our doctors? Are they not in control of it?

Mr. VERRILL. Not exclusively. When the man's doctor says one thing and our doctor says another, the man is entitled to have a referee physician appointed. The law gives him that right. We would send for a referee and would abide by the referee's decision.

The CHAIRMAN. Who selects the referee physician?

Mr. VERRILL. We do.

The CHAIRMAN. Will you put in the record a statement outlining your system?

Mr. VERRILL. Yes, sir.

The CHAIRMAN. Let your statement cover your method of dealing with the various classes of cases, how you reach your final conclusion that a man is no longer entitled to compensation, and, in that connection, I would like to have in the record a statement showing the average length of time that these men are on the compensation roll as a result of injuries.

Mr. VERRILL. Our annual report shows that.

The CHAIRMAN. Let your statement show how many men there are on the roll and the average rate paid; how much per annum is paid to widows and orphans; how much is paid to men temporarily injured; and how much to men permanently injured.

Mr. VERRILL. I will do so.

In the ordinary accident case the employee immediately upon injury notifies his immediate superior, filling out a brief notice stating the circumstances of his accident and injury and giving the names of witnesses, if any. The official superior upon receipt of the oral or written notice sends the injured employee for first-aid medical treatment to the medical officer in the establishment, if the establishment is one having a doctor in attendance, as would be the case in a navy yard, in the Government Printing Office, or Bureau of Engraving and Printing. If medical examination or treatment is needed beyond what can be given in the first-aid room of the establishment by the doctor in attendance, or if there are no first-aid facilities available, as is the case in most Government establishments, including many large ones, the injured employee is given by his official superior an order for examination and treatment addressed to a medical officer of the Public Health Service, if there is one conveniently accessible, or, if not, to one of the surgeons designated by the commission for rendering service in such cases, or if no doctor of either class is conveniently accessible then the employee is told to go to any good physician conveniently accessible and to submit the bill for services rendered to the Compensation Commission. The official superior, upon the information given to him by the injured employee and inquiry of those having knowledge of the circumstances of the accident in the establishment, submits a formal report to the commission. The injured employee, if any medical expense is required or if obliged to lose any time from his work on account of the injury, submits a claim to the Compensation Commission. The claim consists of the employee's affidavit of the circumstances of injury on account of which claim is made. He secures statements of witnesses, if any are available, a statement of his attending physician and of the establishment medical officer, if any, and the whole is accompanied by a statement of the official superior as to the correctness of the statement of the injured employee or making comment if in his opinion the employee's statement is not entirely correct.

Upon papers as above described most claims on account of disability of Government employees can be settled. A large proportion of the cases are of relatively short-time disabilities, the disability immediately following accidental injuries. The employee returns to work as soon as possible, because his regular pay is in practically all cases largely in excess of what he can receive as compensation. This statement, however, should not be understood to mean that the commission assumes as a matter of course that the employee will return to work as soon as he is able, since medical evidence is required in all cases and the official superior usually is active in assisting the commission to ascertain the facts.

If the statement of the injured employee and his official superior leaves doubt in regard to the occurrence of an accident resulting in disability, one or both of them are asked for further information, and if the case is not satisfactorily cleared up by this means, it is listed for investigation. If the medical evidence submitted leaves doubt as to whether the disability was the result of injury, a thorough medical examination is required including specialists of whatever kind the nature of the case may suggest. In case a medical examination made in behalf of the commission does not agree with the medical opinion of the injured employee's own physician, it is his right to have a medical examination by a referee physician selected by the commission.

Compensation continues payable so long as there is satisfactory evidence of disability for work due to the injury. If the disability lasts for a considerable time full medical reports are required from time to time supplementing the routine medical certificate of disability which is the essential basis of the payments made twice each month. If the case continues so long as to suggest doubt as to bona fide disability, special explanation is asked of the attending physician or special medical examination with the assistance of specialists is required, and the case is the subject of an investigation by a representative of the commission. A special examination in the case of long continuing dis-

ability not infrequently requires the services of a general surgeon, an orthopedic surgeon, a specialst in intenal medicine, and a specialist in nervous diseases. Public Health Service Hospitals as a rule have such specialists attached to the staff of the hospital, but when not so available the necessary assistance is secured and payment made upon a fee basis.

The principal questions arising in compensation cases demanding personal investigation by representatives of the commission may be enumerated:

(1) Did an accident occur as alleged.

(2) Was the accident sustained while in the performance of duty.

(3) Is the disability from which the employee is suffering a result of an injury.

(4) Is the employee disabled for work.

(5) Is the employee totally or partially disabled, and if only partially disabled to what extent.

(6) Has the employee who is only partially disabled for work made a reasonable effort to secure work.

(7) Is the person claiming as widow actually the widow of the deceased employee.

(8) Were the persons claiming as dependent parents actually dependent, and if so to what extent.

(9) Were the persons claiming as dependent brothers and sisters actually dependent.

(10) Was the death for which claim was made due to injury while in the performance of duty.

NUMBER AND AVERAGE DURATION OF TEMPORARY DISABILITY CASES.

The average duration of disability in temporary disability cases, as shown by the last annual report, was 25 days in 15.663 cases. Many of these cases did not require the payment of compensation, because the entire disability period was covered by leave. Such cases did, however, require medical attention either from a Government physician or by some one of those designated by the commission under the compensation act. Disability compensation was paid in 9,424 temporary disability cases, the average duration of such disability being 36 days and the average compensation $64.74. Compensation on account of permanent disability is payable during the period of disability for work without limit as to time. Such compensation ceases temporarily when loss of earnings ceases, but is again resumed whenever loss of earnings due to the disability is shown. The experience of the commission to date, therefore, in regard to permanent disabilities is not sufficiently long to be significant, or such that the average amount of compensation paid will be of special value. The medical treatment paid for in 9,504 cases averaged $31.47. In addition to this, however, much medical service was furnished by Government physicians and in Government hospitals, probably exceeding in value that paid for by the commission. As a rule the long continuing cases requiring the most medical and hospital treatment are cared for in Government hospitals and are not a charge against the funds of the commission. Sixty per cent of the cases were cared for by Government physicians and no medical charge was made against the commission's funds.

The last annual report of the commission shows 475 death claims passed upon by the commission during the year. One hundred and fifty-one of these were without dependents, while 324, or 68 per cent, were with dependents. The average monthly award in these cases was $34.39. During the first six months of the present fiscal year the expenditures from the compensation fund amounted to $1,283,746.35. This was 11½ per cent in excess of the rate of compensation paid during the preceding fiscal year. This increase in payments was made in spite of the fact that the new accidents occurring in this six months' period was considerably less than the number occurring in the previous half year. The increase in compensation is a natural and necessary effect of the continuance of payments on account of deaths, permanent disabilities, and long continuing disabilities occurring in previous years. Evidence of this is shown in the fact that during this six months' period 22 per cent of the compensaton paid on account of nonfatal injuries was for accidents which had occurred more than three years before and on account of which payments were continuing and must continue in many cases for a long time to come.

From the beginning of the compensation law, September 7, 1916, to the end of the calendar year 1920, there were nearly 1,700 fatal cases, 1,300 dismember-

ments causing partial disability, over 700 permanent partial disabilities other than dismemberment, and over 80 cases of permanent total disability. Additions to these numbers of cases of equal seriousness are being made at the rate of over 600 each year. Any of these cases enumerated may come before the commission as perhaps entitled to claim compensation for a long period of time. The only exceptions to this statement are the death cases with no dependents and the permanent partial disability cases, where the disability is of such minor degree as not to cause loss of earning capacity. In addition to these cases, there are also the temporary disabilities involving disability continuing for several years, relatively few in number, but costing fully as much as many of the permanent partial disability cases.

Payments made the first six months of the current fiscal year.

Injury compensation	$824,295.74
Death compensation	286,056.68
Burial expense, and embalming and transportation on account of burial	10,835.11
Medical treatment, and supplies and transportation to secure medical treatment	162,558.82

The CHAIRMAN. You say there is no chance for you to get along with this $600,000, but $60,000 of which you say you do not need. According to your statement, you do not need $60,000 of it.

Mr. VERRILL. No, sir; that is hardly correct.

The CHAIRMAN. You have stated that you estimated $10,000 per month for prospective increases.

Mr. VERRILL. That was the estimate made on the 20th of January, and our balance will be exhausted early in April. We spent $240,000 in the month just closed. We calculate that we will probably reach June 30 with a balance of less than $1,000.

FRAUDULENT CLAIM CASES.

The CHAIRMAN. Are you sure that you use every precaution in the expenditure of this money to see that nobody gets it that is not entitled to it?

Mr. VERRILL. That is what we are constantly trying to watch.

The CHAIRMAN. How closely do you watch it?

Mr. VERRILL. We watch it as closely as we can. We have not made as many investigations as we ought to have made, because we have not had the facilities. We know that at times we are beaten, or we find such cases occasionally.

The CHAIRMAN. What happens in such cases?

Mr. VERRILL. We try to recover from them.

The CHAIRMAN. How often do you succeed?

Mr. VERRILL. Not very often.

Mr. WOOD. Did you ever try to prosecute them?

Mr. VERRILL. We have referred cases to the Department of Justice for that purpose, but up to date there has been no result.

The CHAIRMAN. To what extent has that happened?

Mr. VERRILL. The cases that I know of have been no more, possibly, than I could number on the fingers of one hand.

The CHAIRMAN. How much has been expended in such cases?

Mr. VERRILL. That I can not say. If you are interested in it, I can tell you of the most recent case: The most recent case that I know of was the case of a man over in New Jersey who suffered from lead poisoning. Of the fact of the original disability of this man there

seemed to be no doubt. He was sent to a Public Health Service hospital for treatment, and the compensation was paid upon exceptionally good medical reports for quite a long time, the last payment being at the end of the last calendar year.

Just before the end of the year we got word from the hospital over there that they had learned that that man had brought suit against a railroad company for an injury received by him on the premises of the railroad company last June, and he was alleging disability from and after that date on account of a fall. I got in touch with an official of the railroad company, as it happened, and talked with him the day before the case went to trial. The railroad's representative knew the history of the case under our supervision, but, unfortunately, so he said, he disclosed to the attorney on the other side what he had up his sleeve, and that rather hampered the case. The man stated under oath before the trial that he had been an unusually healthy person up to the time of this alleged injury on the railroad company's premises; had not had a doctor in three years, and that he had been an athlete, able to do anything. He alleged that from and after that date he was able to do nothing. He certified also that he had worked and earned a high rate of pay during the period in which we had been paying him compensation. The case went to the jury, and the jury awarded him $1,500. That $1,500 was paid for supposed injuries during the period in which we had paid him $460. The evidence either in one case or the other was not good. The award or the verdict was based on evidence that was not very good.

The CHAIRMAN. He might have been injured, might he not?

Mr. VERRILL. Yes, sir; he might have been injured.

Mr. WOOD. But he testified that he was in perfect condition?

Mr. VERRILL. Yes, sir; yet during all of that time he was being treated in the Public Health Service Hospital and was under examination of some of the best physicians in New York City.

Mr. WOOD. Was it developed upon the trial of the railroad case that he was receiving money from the Government?

Mr. VERRILL. Yes, sir. He was awarded damages for a kind of injury that might be described as purely subjective. He claimed that his back was hurt and that he suffered pains in his back and hips. The doctor admitted that nobody could prove or disprove it. The award would have to be based upon the man's statement of his injury, or upon his statement that he was disabled, and that was something that could not be confirmed or denied by a medical examination.

The CHAIRMAN. What did your board do?

Mr. VERRILL. We suspended the compensation, and we are awaiting a transcript of the testimony at the trial before further action. I might say that the railroad company appealed from the verdict. That illustrates the need for investigations.

PROSPECTIVE CASES.

The CHAIRMAN. Tell us about this $10,000 prospective need in addition to what you say you will certainly require.

Mr. VERRILL. It is not exactly prospective. For example, if we should make an award in two death cases in the month of January

and the award amounts to $50 in each case, there will be $100 per month that we know that we will need. We will know that we have got to pay that in all the succeeding months of the year. It means not only the death awards but it means money that must be paid on account of personal injuries. Suppose a man breaks his leg in January, and we know that we must pay him for six months. That is not a guess.

The CHAIRMAN. You are not basing this on existing cases, but prospective cases?

Mr. VERRILL. It also covers actual cases that have come on the roll from the first of July to January 1, and which must be carried for the balance of the year?

Mr. BYRNS. You mean by that the obligation resting on the commission at this time?

Mr. VERRILL. Yes, sir.

Mr. BYRNES. Are you paying this $10,000 per month now, or do you estimate that you will have to pay it, based upon past experience?

Mr. VERRILL. A part of it we know about. The cases come in month by month and they are a cumulative force. If a case comes in July, we would have to make the payments for six months, or half the year; if it came in August, we would have to make the payments for five months, and so on. The average that we have here represents quite a number of regular compensation cases that have to be paid. We know that they have to be paid every month.

The CHAIRMAN. How long does it take to adjudicate one of these cases?

Mr. VERRILL. Usually about three or four months to adjudicate a death case.

The CHAIRMAN. So that if you do not get this $600,000, or all of it——

Mr. VERRILL (interposing). We are estimating on the cases that will be adjudicated before the end of the fiscal year, and upon which payments will have to be made. We are not estimating upon anything that we will not be called upon to pay before the 1st of July. Whenever a case is adjudicated it carries back compensation.

The CHAIRMAN. If a case came in to-day it would not be adjudicated before the 1st of next July?

Mr. VERRILL. We would adjudicate it as soon as we could. Some of them would take longer than others. Some of them we might adjudicate and pay within a month of the death. That depends upon the delay we may meet with. The average time is about three months in death cases.

The CHAIRMAN. You can not control this expenditure?

Mr. VERRILL. No, sir; and we would not consider the delay of the work a legitimate means of control.

The CHAIRMAN. We would not want you to do that.

Mr. VERRILL. I have mentioned medical bills, and I will say that we have been backward in settling medical bills. So far as this involves medical expenses, the average stated is not a fair figure. As you gentlemen know, to a considerable extent the Public Health Service facilities have been transferred to the Veterans' Bureau, and they are no longer available to us in the same degree as in the past. While we got that service free, we must now pay for service else-

where, and that will cause a considerable increase which I would not be able to estimate accurately and for which no estimate is made in the figures given the committee.

NUMBER OF EMPLOYEES IN COMMISSION—SALARIES.

The CHAIRMAN. How many people have you on your pay roll?

Mr. VERRILL. About 75.

The CHAIRMAN. What is the annual rate of expenditure for the compensation of such employees?

Mr. VERRILL. It is $124,940.

The CHAIRMAN. What is the highest rate of pay?

Mr. VERRILL. The salaries of the commissioners, at $4,000, and then we have an attorney at $4,000.

EMPLOYMENT OF DOCTORS.

The CHAIRMAN. How many doctors have you employed?

Mr. VERRILL. We do not pay the salaries of any doctors. We have doctors detailed to us from the Public Health Service who handle the medical administrative work.

The CHAIRMAN. What about those doctors who pass upon the injured persons who are applying for compensation?

Mr. VERRILL. Our law requires us to use Government doctors wherever it is practicable. We use the Public Health Service doctors wherever it is possible.

The CHAIRMAN. To what extent has that been found to be practicable?

Mr. VERRILL. We use the Public Health Service doctors wherever we can find them. In the Navy Department we use the naval surgeons. We use them in the navy yards and naval establishments.

The CHAIRMAN. What do you do in the case of civilian employees?

Mr. VERRILL. That is what I mean—civilian employees. The Army doctors are available to us in Army establishments where such doctors are on duty.

The CHAIRMAN. How many doctors have you used from the Public Health Service and from the Army and Navy?

Mr. VERRILL. At the navy yards we use the doctors who are on duty there.

The medical facilities of the Public Health Service in October, 1921, included 42 general hospitals, 13 tuberculosis hospitals, and 10 hospitals for neuropsychiatric cases. On the staffs of these hospitals were 946 full-time medical officers and 246 consulting specialists. There were also employed a nursing staff of 1,622 and approximately 10,000 technical and miscellaneous employees. In addition, there were 21 out-patient offices and 82 dispensaries in various sections of the country.

During the six months ended June 30, 1921, the United States Public Health Service treated in hospitals 5,233 injured Government employees entitled to care under the provisions of the compensation act. To these cases there were given 62,087 days of hospital relief.

The number of injured employees treated during this period at dispensaries was 19,057. These received in all 56,778 dispensary treatments. The dispensary treatments consisted in part of examinations, frequently by specialists, and included laboratory and X-ray examinations. In many instances the dispensary service consisted of baking and massage of injured parts with the corresponding physiotherapeutic attention. No charge against the compensation commission is paid for any of this service.

The CHAIRMAN. How many do you employ outside of those Army, Navy, and Public Health Service doctors?

Mr. VERRILL. We do not employ any on salaries, but we pay them according to the service they render.

FEES OF DOCTORS.

The CHAIRMAN. What do you pay them?

Mr. VERRILL. The usual fees.

The CHAIRMAN. What are the usual fees?

Mr. VERRILL. That depends upon the locality and the class of work.

The CHAIRMAN. Tell us what is the usual fee.

Mr. VERRILL. I would say that the ordinary fee would be $2 for an office visit and $3 for a house or hospital visit.

The CHAIRMAN. What about the examinations they make?

Mr. VERRILL. That would depend upon the nature of the case and the nature of the examination made. Under ordinary circumstances $5 would be the fee for a special examination, although sometimes it is $3. For special or extensive examinations, with special reports, it might run higher than that.

The CHAIRMAN. Have you a limit for medical fees beyond which you will not go?

Mr. VERRILL. Not exactly. If we find that a doctor overcharges us, we drop him.

The CHAIRMAN. Why not fix a limit to the fee and never go beyond it?

Mr. VERRILL. It has not been found to be practicable to fix a maximum fee, but we have to pay according to the service rendered.

The CHAIRMAN. Why do you not fix a maximum and minimum fee to be paid doctors for making examinations?

Mr. VERRILL. I would not know how to do that. We might have to send a man to a specialist for examination or for a series of examinations requiring several visits or several days, and we would pay him according to the service rendered.

The CHAIRMAN. Who fixes the amount that is charged?

Mr. VERRILL. We have a division in the office that handles that. If the charge is above the ordinary routine charge and is not fully and satisfactorily explained, it is allowed only for the usual rate or referred to the commission.

The CHAIRMAN. It seems to me that we ought to be able to get the exact charge that should be allowed in any given class of cases.

Mr. VERRILL. The charges for surgical operations, for example, would depend largely upon the difficulty of the cases. For such an operation as hernia, for instance, we might pay $50 in one locality and we might have to pay $100 in another locality.

The CHAIRMAN. Do you allow the doctors to dictate the charges, or do you fix a limit beyond which they can not go?

Mr. VERRILL. The fee is supposed to be the customary fee in the locality.

The CHAIRMAN. I think that in the public service we should have a limit to fees. That is done in all other services, and why should it not be done in this? For example, a doctor for examining a veteran of the Civil War receives $3, and until a year or two ago he did not receive that much, but was paid $2. I think the Veterans' Bureau

went wild on their fees, but we took it up with them and I think they are getting it down within a reasonable limit now. You have no regulation covering that?

Mr. VERRILL. No, sir; we have no rigid limit. If we find a doctor who, in our judgment, is overcharging us, we send him no more cases.

The CHAIRMAN. Suppose you submit for the record a typical bill showing the highest amount you pay for medical services.

Mr. VERRILL. The highest bill would represent a difficult surgical case.

The CHAIRMAN. We want to know about it. This is public money, and the committee wants to know just how it is expended. We think that you people should have some system by which you can let us know just what you are expending for these sort of services.

Mr. VERRILL. I would like to furnish the statement, but I want to be sure that I furnish what you want.

The CHAIRMAN. We want to be sure that we are not paying excessive fees for these services. We have found that when they are allowed to make charges of this kind without any supervision the charges are excessive, and we do not want that done. We find that doctors are not at all scrupulous about their charges.

Mr. VERRILL. We know that there are some such cases.

The CHAIRMAN. You think there is no escape from giving you the entire $600,000 for the rest of this year?

Mr. VERRILL. That is my opinion; yes, sir. I feel very confident that that is absolutely correct.

(The statement follows:)

Under the practice of the commission the usual charge for an office visit is $2; for home or hospital visit, $3. Any bill submitted for a charge in excess of this rate, unless accompanied by details showing the reason or by a statement of the reason, calls for an inquiry from the commission in explanation of the charge. Nearly always a satisfactory explanation is furnished; if not, the bill is allowed at these rates. Of course, an additional allowance is frequently made when the visit calls for an additional travel allowance because of distance or when it is shown that incidental to the examination one or more X rays had to be taken, or that blood tests had to be made involving perhaps laboratory fees, or that treatment had to be given beyond what might be incidental to an ordinary examination or visit. It is consistently the practice of the commission to require detailed itemization or explanation of bills so that the evidence of the reasonableness of the charge may always be available in the record. It is also the practice to require explanation if the number of visits is greater than seems reasonable from the record. In cases of infection the number of visits would necessarily be much greater than for the same kind of an injury without infection. With medical operations a similar policy is followed, itemization and detailed explanation being required. In multiple fractures, compound fractures, or infected fractures the fee which would be customary and reasonable in a simple case would not be fair or reasonable, and service for such a fee could not be expected. The medical bills are subject to careful study and scrutiny to see that a high grade of service is being secured and that no unreasonable or fancy rates are paid. Inferior service at cut rates would not be likely to result in economy. It might readily result in multiplied visits and treatments, in unreasonably prolonged disability, and in permanent partial disabilities of an unnecessarily high degree.

Following are three typical cases of serious injury showing any unusual medical and hospital expenses paid on account of each:

Case 66187, electrician, 25 years of age. Ladder slipped, resulting in fall on switch and high-tension wires, causing electrical burns, some first and some third degree; infected, face, right arm, chest, left arm, left hand sloughed off, amputation ends radius and ulnar 3 inches; 3 inches humerus removed right

arm, lower third; badly infected right elbow. Physician's bill—cleansed daily, used di-chloramine-T, and Chlorocosane, with parresine spray and parrasined mesh gauze; also used dilute listerine daily, January 1 to April 20, 1920, inclusive, with two dressings on January 21; 112 dressings, at $5 each, $560. Hospital bill—October 31, 1919, to April 20, 1920, inclusive, 172 days, at $3 per day, $516. For period October 31 to December 31, 1919, physician's bill of $63, not itemized, not yet settled because of failure of presentation on account of death of physician. Photographs of injured employee, $14. Artificial limb with movable fingers, $200. The employee, on April 21, 1920, being able to get about, was transferred to a Government hospital, where he was retained until recovered. The final result was a total loss of the left hand and loss of about 50 per cent of the function of the right hand. The burns of the face and neck, due to especially good treatment, left no serious or noticeable disfigurement.

Case 11648, auto driver, age 23; electrical burns both thighs and buttocks, back, hands, and right foot. Burns were deep, with infection. Very careful daily dressings were necessary for a long time. During this period the life of the employee was in great danger, and for a long time recovery was exceedingly doubtful. One physician—September 11, first visit and dressing, $10; September 12 to December 12, visits and dressings, once daily, at $2.50, $227.50. Second physician—September 11 to December 12, 75 visits and dressings, at $2.50, $187.50. When these bills were received by the commission the physicians rendering them were advised that in accordance with the practice of the commission at that time only $2 would be allowed for each hospital visit and dressing, that rate being considered reasonable unless some valid reason could be shown for a greater allowance in a special case. The physicians, in reply, submitted evidence, with photographs, in regard to the unusual and exceedingly serious character of the injuries. The daily dressings for which charge was made were not simple dressings that would have been required in the case of an ordinary injury or burn. For a long time it was necessary to remove particles of the charred tissue or infected tissue under morphine, a service which might more properly have been classed as an operation rather than a dressing. It was shown that due to the extensive area and depth of the burns it often required from two to three hours to do the dressings. It may be stated that skin grafting was required of about 150 square inches. These bills were accordingly paid at the full rate for which rendered, as given above. The employee in this case was later transferred to another hospital where he could be under the care of the surgeons of the Public Health Service and of an able specialist attached to the staff of the Public Health Service. Hospital treatment was required to be continued for more than a year, and the wounds did not entirely heal for considerably more than two years.

Case 31602. Millwright, age 37; fracture of the neck of the femur. This employee was cared for in a private hospital for a long time, no Government hospital being available. After the first adjustment of the fracture, the surgeon being unsuccessful in obtaining union, two bone-graft operations were performed. These, however, were without successful result. About two years after the accident the employee was sent to the Mayo Clinic in the hope that a successful operation would be possible. A bill for examination at the Mayo Clinic, including general physical examination, urinalysis, blood count, Wassermann test, eye examination, and X rays, was paid to the amount of $50. The opinion of the surgeons at the Mayo Clinic was unfavorable to operation, but it was suggested that perhaps one of two well-known surgeons in New York and Boston who had been notably successful in this particular type of case might be willing to recommend operation with hope of success. After first consulting the doctors by letter, the employee was accordingly sent for examination, first to Dr. B., in Boston, and afterwards to Dr. A., in New York, following out the suggestion of the Mayo Clinic. Dr. B. examined the employee on two successive days, having special X rays taken, and was paid $25 for the examination. Dr. A. made a similar examination and held out some hope of improvement, if he was permitted to operate. The employee, however, after considering carefully all that he had been told by these various specialists with regard to the probability of improvement from operation, declined operation and returned to his home. The several examinations by specialists in this case were considered fully warranted, because of the fact that the employee had been totally disabled for nearly three years and was likely to be totally disabled for perhaps another year and fully 50 per cent disabled for the remainder of his life.

WEDNESDAY, FEBRUARY 15, 1922.

VETERANS' BUREAU.

STATEMENTS OF COL. C. R. FORBES, DIRECTOR; MR. HAROLD W. BREINING, ASSISTANT DIRECTOR FINANCE DIVISION; MR. R. C. ROUTSONG, BUDGET OFFICER; AND MR. J. B. MILLIKEN, ASSISTANT MANAGER OF DISTRICT ORGANIZATIONS.

VOCATIONAL REHABILITATION.

The CHAIRMAN. The first item before us, Col. Forbes, is entirely for vocational training.

Col. FORBES. Yes, sir; there is also a second item for medical and hospital services.

The CHAIRMAN. Of course, that is involved in it.

Col. FORBES. There are, however, two separate items.

BASIS OF ESTIMATE.

The CHAIRMAN. You are asking $73,714,182 for vocational rehabilitation. Explain to us, if you can, how this amount is made up, and why such an amount as this is necessary for the rest of the fiscal year?

Mr. ROUTSONG. You will remember, Mr. Chairman, that when we came before the committee in connection with the first deficiency appropriation the total estimate was $142,000,000. It has been necessary to increase that estimate by about $37,000,000. The first item out of the $37,000,000 is $16 240,200. It was thought that the cost of living over the country would show a reduction which would necessitate a reduction in the base maintenance pay for trainees. This condition has not occurred and by reason of same no reduction could be made by the bureau in the base maintenance pay, and because of that fact $16,240,200 additional has been requested.

We had estimated that the total amount required would be $142,000,000, which we explained in detail at the previous hearing. The figure of $16,240,200 is arrived at by subtracting the average amount per trainee with the $80 basic pay from the average amount per trainee with $100 basic pay and multiplying it by the total estimated number of training months for the year. The second item of increase is one of $20,716,675, and that is due to the fact that the estimated rate of rehabilitating these men, which the Federal board estimated would be two years per man on an average, taking the whole group, has not worked out in practice. For instance, I might give you a concrete illustration. In December two years ago 2,858 men entered training; on the basis of that tabulation, of course, in this last December that number should have completed training, whereas as a matter of fact—and this is the best month on record—we had 1,603 men complete training. So you see we fell back; our actual number of men rehabilitated has fallen below the estimated number of men to be rehabilitated.

The CHAIRMAN. You suggest that you have $16,000,000 and over in this estimate, due to the fact that living conditions would not permit a reduction in base maintenance pay?

Mr. ROUTSONG. Yes, sir.

The CHAIRMAN. And $20,000,000 due to the fact that the period of training is to be longer—is that right?

Mr. ROUTSONG. Yes, sir.

The CHAIRMAN. Wherein does that affect this bill? We are only dealing with the question from now until the 1st of next July.

Mr. ROUTSONG. I thought, Mr. Chairman, that you would like to know how we arrived at this total estimate.

The CHAIRMAN. But the total estimate is only for a period of four months.

Mr. ROUTSONG. I was considering the total estimate for the year. The total estimate for the year is $178,714,182.

The CHAIRMAN. How many men have you in training as compared with the number you had in training when you were here before? At that time I think you said you had 104,000, and that out of that number 94,000 were being paid. Have you any more than that in training now?

Mr. ROUTSONG. We had at the time of our last appearance before your committee—and the figures we used, I think, were for October—96,001 men recorded as in training, as against 103,975 on December 31. But this shows you the increase over a period of three months.

The CHAIRMAN. You asked $77,000,000 for vocational training when you were here before and we gave you $40,000,000. Is not that right?

Mr. ROUTSONG. That was a deficiency; yes, sir.

The CHAIRMAN. This is a deficiency, is it not?

Mr. ROUTSONG. Yes, sir. The total amount we requested was $142,000,000, and we had $65,000,000, and the difference between those two would be $77,000,000.

NUMBER OF EMPLOYEES ATTENDING TO TRAINEES—OVERHEAD COST PER TRAINEE.

The CHAIRMAN. How many men are employed in attending to these men who are in training? What does it cost per man for overhead?

Col. FORBES. There were 7,129 employees on the vocational rehabilitation pay roll on January 1, 1922. The amount paid in salaries from August 10 to January 1 was $4,190,000, and the total disbursement out of this appropriation for administration was $4,826,000, or approximately $11 per trainee per month.

The CHAIRMAN. We ought to have that information. How much money do you need to carry you during the next four months for training—that is, from the 1st of March? You will have three million and some dollars on hand the 1st of March.

Mr. BREINING. That $3,000,000 will probably all be encumbered, though.

The CHAIRMAN. But you will have it on hand.

Mr. BREINING. That is only the cash. The amount we have on hand March 1 we will have to pay out after July 1, because, you see, our payments would not terminate on June 30.

The CHAIRMAN. What is the average monthly cost, then?

Mr. BREINING. It is running now about $15,000,000.

The CHAIRMAN. Is it liable to increase or decrease?

Mr. BREINING. It is liable to increase.

NUMBER OF TRAINEES ENTERING TRAINING MONTHLY.

The CHAIRMAN. How many men are going into this work of training monthly, and how many are going out?

Col. FORBES. The average during the last quarter was 4,600 per month; last month about 1,600 went out, and about 900 theretofore.

Mr. ROUTSONG. I can give you figures over a period of months. I can give them now or insert them in the record.

The CHAIRMAN. Let us have them now.

Mr. ROUTSONG. This is the total number of trainees entering, by months, starting with June 1, 1921.

The CHAIRMAN. Let us have it for this year. How many have you in now? I think you said you had 104,000.

Mr. ROUTSONG. And the number we expect to enter during the rest of this year?

The CHAIRMAN. Yes; that is the point. What we want to do is to figure out what we will have to do for the rest of the year. That is all we are working on now.

Mr. ROUTSONG. In round numbers we estimated that there would be an additional 4,000 enter per month.

The CHAIRMAN. For each month?

Mr. ROUTSONG. Yes, sir.

The CHAIRMAN. What has been the experience during the last four months?

Mr. ROUTSONG. For the last four months of which I have a record the figures are as follows: September, 5,490; October, 7,104; November, 4,145; and December, 3,304. That will vary from month to month.

The CHAIRMAN. And you figure that the average will be about 4,000 a month?

Mr. ROUTSONG. Yes, sir; and that is very conservative.

The CHAIRMAN. On the average how many will you take into training during the next four months; that is, from the 1st of March to the 30th of June?

Mr. BREINING. I should say it would average 3,000 a month.

The CHAIRMAN. Give it to us as definitely as you can. Give these figures with some degree of accuracy, because you can calculate, and we do not want to guess at them.

Mr. BREINING. It is all a matter of guess, because we do not know how many men will apply for training.

The CHAIRMAN. But 440,000 have already applied, and 229,000 have been passed upon as eligible, and you say that 127,000 have actually entered training, according to your report.

Mr. BREINING. I base the 3,000 upon the fact that we have had an average of about 4,000 coming in during the last few months. Therefore I assume the average would be about 3,000. This figure is given taking into consideration the 1,000 completing training.

ESTIMATE OF COST FOR SECTION 2 AND TWO TRAINEES FOR BALANCE OF PRESENT FISCAL YEAR.

The CHAIRMAN. Let us get at this thing systematically. There is only one way to do it, and we might as well do it orderly and not talk around it. For example, to-day you have how many? Let us get it

as of the 1st of February. You have money enough to carry you to the 1st of March, and I want to know how many you will have on the 1st of March. We are dealing with cold facts and must know what we should do between now and the 30th of June.

Mr. ROUTSONG. As close an estimate as we can give you will be 96,000 men in section 2 training at the present date.

The CHAIRMAN. That is as of the 1st of March?

Mr. ROUTSONG. Yes, sir. You will understand, of course, that we have in addition section 3 trainees for whom we have to pay bills.

The CHAIRMAN. What do you have to pay for them?

Mr. BREINING. Tuition and supplies.

The CHAIRMAN. How much does that amount to per man per month?

Mr. ROUTSONG. That will average about $50 a month or about $600 per annum.

The CHAIRMAN. Let us see if we can figure this out as you would figure it out if you were going to pay these bills yourself. You say you have 96,000 at $100 a month?

Mr. ROUTSONG. The average is $115 a month for base maintenance pay as provided for under the law.

The CHAIRMAN. Just get a pencil and figure this out. You say you will have 96,000 on the 1st of March; how many are you going to have from the 1st of March to the 1st of April? You say 4,000 more.

Mr. ROUTSONG. I think Mr. Breining's figure of 3,000 additional trainees for each month would be a proper one.

The CHAIRMAN. That would be 3,000 for four months from the 1st of March: Figure that up and see how much that amounts to. Then you have 3,000 more for three months—April, May, and June—according to your figures, and you would have 3,000 more for two months and 30,000 more for one month—is not that right?

Mr. ROUTSONG. Yes, sir.

The CHAIRMAN. See how much that amounts to.

Mr. BREINING. It would be the same as 30,000 on one month's basis, 30,000 additional trainees.

The CHAIRMAN. That would be $3,450,000, would it not?

Mr. BREINING. Yes, sir.

The CHAIRMAN. Then you have 96,000 for four months, or, say, it would be 384,000 for one month?

Mr. BREINING. Yes, sir.

The CHAIRMAN. And we are now talking about section 2 men.

Mr. BREINING. $2,000,000 for the section 3 men and I figure it at $44,160,000 for the section 2 men for four months.

The CHAIRMAN. That is for the 96,000?

Mr. BREINING. Yes, sir; at $115 for base maintenance pay as provided for by law.

The CHAIRMAN. What was the other amount?

Mr. BREINING. $2,000,000.

The CHAIRMAN. And $44,160,000?

Mr. BREINING. Yes, sir.

The CHAIRMAN. That would be $46,160,000?

Mr. BREINING. Yes, sir.

The CHAIRMAN. That takes in the maintenance pay of $115 per month to trainees—the overhead and everything?

Mr. BREINING. It does not take in the overhead.

Mr. ROUTSONG. The $115 is the average amount in maintenance pay per trainee.

The CHAIRMAN. I think you said $126 covered the whole cost, so that it is pretty close to $11 for overhead, according to the way you figure it.

Mr. BREINING. Tuition amounts to $50 a month, or about $600 a year, so that figures $200 additional on each trainee for the rest of the year.

The CHAIRMAN. You mean the tuition is added to the $115?

Mr. BREINING. Yes, sir.

The CHAIRMAN. I do not see where you get it.

Mr. MILLIKEN. The tuition cost would only apply to those taking institutional training and not to those taking placement training in the various industries.

Mr. BREINING. No; but your average in training would be 50 per cent in placement training and the other 50 per cent would be in institutional training.

Mr. ROUTSONG. And we gave a figure, I believe, of something over $12 to cover tuition and supplies, and that was what might be called an actuarial figure spread over all of these men, including those in placement training and those in institutional training.

The CHAIRMAN. According to that there would be 384,000 men at $12; then you have 30,000 more, and that would be 414,000 men at $12—that is, for the next three months.

Mr. BREINING. That is monthly; that is $12 a month.

The CHAIRMAN. It is all per month; we have 414,000 men for a month, so it would be figured on that basis, and that would be $4,968,000.

Mr. ROUTSONG. Yes, sir.

The CHAIRMAN. Now, is there anything included in that for overhead?

Mr. BREINING. No, sir; that is not included in this.

The CHAIRMAN. What is included in this? Just the cost of training, $115 a month, on the average, then for the No. 3 trainees $2,000,000, and then $12 per man per month for tuition costs—is that right?

Mr. BREINING. The $12 per month figures in tuition and supplies.

The CHAIRMAN. You refer to the $12?

Mr. BREINING. Yes, sir; and on 50 per cent of the men you can figure $50 a month.

The CHAIRMAN. On top of this?

Mr. BREINING. Yes, sir; they are the ones in institutional training.

The CHAIRMAN. What else is to be added to this?

Mr. BREINING. Your overhead.

The CHAIRMAN. What does the overhead amount to?

Mr. ROUTSONG. I think probably 8 per cent ought to be added for overhead.

The CHAIRMAN. Eight per cent of the total?

Mr. ROUTSONG. Eight per cent of the direct disbursement would be a fair estimate.

The CHAIRMAN. That would not include supplies?

Mr. ROUTSONG. No, sir. That would include such items as vocational officers, teachers, and instructors.

The CHAIRMAN. Eight per cent of $49,610,000?

Mr. ROUTSONG. Yes, sir; that is a rough estimate.

The CHAIRMAN. That would be 8 per cent per annum?

Mr. ROUTSONG. Eight per cent of this figure, because it applies to this amount.

The CHAIRMAN. That is substantially $4,000,000. First, you have your supplies, then you have your No. 3 trainees at $50 a month per man, tuition, and supplies, and now you have your overhead and base maintenance pay. Let us see if I have this right. You have 414,000 men per month at $115; that makes $47,610,000. Then, $2,000,000 for your No. 3 trainees, which makes $49,610,000; then you have for supplies an average of $12 per man, for 414,000 trainees, or $4,-968,000; you have your No. 2 men, for whom you pay tuition for 207,000 men $50 per month, $10,350,000; 8 per cent for overhead on the first charge, $49,610,000; that would be $4,000,000, or a total of $68,928,000. You are asking for $73,000,000?

Mr. BREINING. There should be added to $68,938,000 an item of $480,000 for supplies for No. 3 trainees, or making a total of $69,-408,000. We will also have $10,000,000 or $15,000,000 outstanding on the 1st of March of debts that we have not paid.

The CHAIRMAN. You have $18,00,000 on hand?

Mr. BREINING. That is cash balance in the Treasury.

The CHAIRMAN. You say your expenses are $15,000,000 a month?

Mr. BREINING. This last month.

The CHAIRMAN Of course, we have to make some deduction from this. You have $18,000,000 on hand, according to your own statement, and you have $15,000,000 of obligations to meet as of the 1st of March, and that leaves you $3,000,000. I am just figuring in round numbers.

Mr. ROUTSONG. That $15,0000,000 represents obligations.

Mr. BREINING. Incurred.

The CHAIRMAN. As I figure, we have $69,408,000 calculated on the figures. We have not made any deductions for the men going out of training.

Mr. BREINING. We only figure on 3,000 instead of 4,000 because of the fact 1,000 are going out of training.

The CHAIRMAN You have more than 1,000?

Mr. BREINING. That is the average over a period of months.

Mr. ROUTSONG. In July, 666; August, 691; September, 501; October, 738; November, 1,088; December, 1,603. There is a question there as to whether that rate will be kept up or not. Col. Forbes has devoted a great deal of attention to this problem of rehabilitating men who were due for rehabilitation. I am not prepared to say and I do not believe Col. Forbes is that he will be able to continue to rehabilitate 1,600 men monthly the rest of this year as was done during the month of December, 1921. You can see from these actual figures that that is the result of what might be called a "cleanup." I think 1,000 is a very conservative figure.

The CHAIRMAN. We do not want to tie them up. If you think 1,000, we will assume 1,000.

Mr. ROUTSONG. I think that 4,000 entering monthly is a low estimate.

Col. FORBES. We have made an inspection of the industrial activities with a view to getting them out of training into jobs. We have

received many hundreds of letters from the big industries of the country in which they have given us a very concise statement of their business operations and their inability to absorb our rehabilitated men. It is not the activity of getting men out of training, because we have had a much greater influx for training than we have had discontinued. There is a great industrial unrest all over the country. As stated, we have these thousands of letters from the leading industries of the country, and men who were employed in those institutions have been laid off on account of business depression.

The CHAIRMAN. Now, we have made the figures according to your calculation, $69,408,000, and that provides for the reduction of 1,000 men a month during the rest of the year. Why do you want $73,000,000?

Mr. BREINING. It is calculated that we will have $3,000,000 in cash left in the Treasury on March 1, so the difference between $73,000,000 and $69,000,000 is $4,000,000, and it would seem to appear that we were asking for $7,00,000, but at present we have, conservatively speaking, at least $10,000,000 in outstanding obligations.

The CHAIRMAN. You will always have that?

Mr. BREINING. We will have to pay that out of this appropriation in July. The actual cash will be disbursed after the end of the fiscal year, but it still represents an incumbrance against the appropriation which has to be met.

The CHAIRMAN. I understand there is a good deal of talk about the fact that we are negotiating for the purchase of property. Is there any truth in that?

Col. FORBES. All we are doing is locating properties. We bought one property, the only property which has been bought.

The CHAIRMAN. Where is it located?

Col. FORBES. For a hospital.

The CHAIRMAN. Is there anything of that sort in view?

Col. FORBES. Nothing whatsoever.

The CHAIRMAN. There is no prospect of anything of that sort being done?

Col. FORBES. Absolutely not.

TRAINEES AT CAMP SHERMAN.

The CHAIRMAN. What is the situation with reference to Camp Sherman? How many men have you there?

Col. FORBES. About 270.

The CHAIRMAN. Why do you not get more there if you are going to run it?

Col. FORBES. I think that is perfectly easy to explain. We have had such an unfair propaganda against Camp Sherman, and there have been all sorts of efforts to destroy the school, even to destroying the morale of the institution.

The CHAIRMAN. Then you are not going to make a success of it?

Col. FORBES. Yes; we will absolutely make a success of it.

The CHAIRMAN. You intend to continue it?

Col. FORBES. Unless Congress should decree that we shall not.

The CHAIRMAN. How much money have you spent on Camp Sherman in the way of construction?

Col. FORBES. We have done no construction work, just repairs. We repaired the schools to take care of 500. That was for the first bunch of men. Due to carrying out the provisions of the law we intended to expand to where we could increase the school to 1,000 capacity. With all our expenditures we have not exceeded the cost of operating at the other schools.

NUMBER OF EMPLOYEES AT DISTRICT AND CENTRAL OFFICES.

The CHAIRMAN. How many employees have you at the different district offices?

Mr. ROUTSONG. 13,500 in all district offices and suboffices.

The CHAIRMAN. And how many here?

Col. FORBES. In the central office?

The CHAIRMAN. Yes; in this office.

Col. FORBES. 5,092 in Washington, D. C., central office.

The CHAIRMAN. How many are there in the field?

Col. FORBES. 13,500.

The CHAIRMAN. Does that include everybody in the field?

Col. FORBES. Yes, sir.

The CHAIRMAN. Any men outside doing outside work?

Col. FORBES. That is everybody in the field, district offices and suboffices.

The CHAIRMAN. That makes about 19,000?

Col. FORBES. 18,592.

The CHAIRMAN. How many did you have before you commenced the district offices?

Mr. BREINING. The Public Health Service, the Vocational Board, and the War Risk had their men in the field. The old Bureau of War Risk had about 5,800 in Washington.

The CHAIRMAN. Is that number increasing or decreasing, the number of employees?

Col. FORBES. It is decreasing in the central office, Washington, D. C., and increasing in the field.

COMPLAINTS REGARDING TOO MANY EMPLOYEES.

The CHAIRMAN. I am told that you have so many people in the office down here that there is not any work for them?

Mr. BREINING. The Bureau of War Risk when Col. Forbes came there had about 5,800.

The CHAIRMAN. They did not have these outside expenses?

Mr. BREINING. There has been very little work taken away from the central office. We have taken over 1,000 employees from the Federal Board, which would bring that up to 6,800, and we took a good many from the Public Health Service. We have now about 5,000. There is really a net decrease of over 2,000 in the central office.

The CHAIRMAN. There is a good deal of talk—I do not know how much is justified—that there are a lot of people down there who do not have anything to do, just wander from place to place and do not do anything; they get in groups and loiter.

Mr. ROUTSONG. There is at present an unpleasant situation as regards many employees who wonder what is going to become of them,

and who go to their Congressmen for the purpose of effecting a transfer. That is the first argument they use in trying to get a transfer—the fact that they are not needed. I do not say that that applies in this situation, but it has been my experience in looking up a number of individual complaints that the reason for the complaint was that the employee was anxious to effect a transfer and was using the argument that his services were not needed.

The CHAIRMAN. This does not come from other employees, but from people on the outside.

Col. FORBES. We are in the process of decentralization, and within 45 days hence the entire bureau will be decentralized. I should like to invite your attention to the claim examiners who go into the field to take over the work. I am sending out the experienced men now. We have to take in other men to carry on the work until the decentralization is completed. There is very general unrest in the bureau due to the fact that men have been notified that they are going out of the central office. There is congressional activity to hold a good many of these men here whose services are not required.

The CHAIRMAN. You ought not to give that very much consideration.

Col. FORBES. I do not.

The CHAIRMAN. It should not be adhered to.

Col. FORBES. No.

The CHAIRMAN. We should run the business of the Government just like running our own business.

Col. FORBES. That is the way I am trying to do it.

The CHAIRMAN. If you find a request from me do not pay any attention to it.

Col. FORBES. I have never found a request from you, Mr. Chairman.

The CHAIRMAN. There are only two obligations which we have; one is to give service to these men who have been wounded as a result of their service in the war, and, second and primarily, this will be one of the things which will help them, not to have a dollar of expense more than is necessary to function the institution properly. If you have any more people anywhere on the pay roll than you should have, they should be dismissed.

Col. FORBES. I am declaring people surplus right along.

The CHAIRMAN. Do you have anybody go around to examine and see whether these people are working, getting out the work they ought to get out?

Col. FORBES. Yes, sir.

Mr. BREINING. The bureau finds it necessary to work employees overtime.

The CHAIRMAN. Of course, if they do not work in the day they have to work at night.

Mr. BREINING. No; people who work in the daytime are working overtime. We are decentralizing, and rather than take additional employees on for a month, we would rather work our present employees overtime.

Col. FORBES. I have sent a committee of a very active and progressive type into all the districts, after several meetings that we had before they left here, with instructions as to just what they

should do to reduce the personnel in all of these district offices where it is found necessary. We worked up a schedule for employees for various types of work and to discharge employees in excess, and gave the committee very broad powers in that particular regard. I make it a point myself three times a week to go through the bureau from the eleventh to the first floor, and I have a standing committee in the bureau with whom I meet and discuss observations in the way of loitering, which you have mentioned. We have made a reduction of over 2,000 in the central office, Washington, D. C.

The CHAIRMAN. Are you putting any new people on there now?

Col. FORBES. Occasionally somebody goes on when somebody goes out.

The CHAIRMAN. If we give you the $69,000,000, in effect, will that meet your necessities?

Mr. BREINING. No, sir.

OUTSTANDING OBLIGATIONS TO BE PAID AT END OF FISCAL YEAR.

The CHAIRMAN. Why? $69,000,000 with the $3,000,000 on hand, according to your own statement, would make $72,000,000.

Mr. BREINING. We have $10,000,000 outstanding.

The CHAIRMAN. You do not know?

Mr. BREINING. That is the best estimate we can make. I think it will come nearer to $15,000,000; $10,000,000 is very conservative.

The CHAIRMAN. How much does it cost a month?

Mr. BREINING. About $15,000,000.

The CHAIRMAN. How can you have $15,000,000 outstanding?

Mr. BREINING. $15,000,000 a month would be $180,000,000 for the year.

Mr. ROUTSONG. Mr. Breining is discussing obligations incurred from August 10 to the present time.

Mr. BREINING. On bills which have not been presented.

The CHAIRMAN. You will always have that?

Mr. BREINING. But at the end of the fiscal year you have to pay it. We will possibly expend $8,000,000 during July of this year, which will be paid out of the 1922 appropriation.

The CHAIRMAN. I think we better cut it down to $69,000,000 and let you take a chance and see how you can work out. It may be that you can cut out a lot of these expenses.

Mr. BREINING. Really, we think that $73,000,000 is very conservative. As a matter of fact, I do not know whether we can get through with it.

The CHAIRMAN. What makes you think you can not get through with it?

Mr. BREINING. Because of the outstanding obligations.

The CHAIRMAN. You made these figures yourself?

Mr. BREINING. If we did not have any obligations——

The CHAIRMAN (interposing). You will always have obligations.

Mr. BREINING. Under a continuing appropriation it would be all right. Under a fiscal year appropriation those obligations have to be paid after the end of the fiscal year. Our expenditures during the month following the end of the fiscal year are almost as great.

Mr. ROUTSONG. I may say, Mr. Chairman, that if we have a monthly check of disbursements against the total allotments, that is

as far as it is physically possible to keep within those allotments. Every 30 days we know whether our rate of disbursement is running ahead or behind.

The CHAIRMAN. I know that you can not regulate the number of people who come into the service, but you can regulate the cost of operating it.

Mr. ROUTSONG. That is the way we do, by checking every 30 days our actual disbursements against tentative allotments.

Mr. BREINING. But the unfortunate thing is you can not regulate 99 per cent of the cost.

The CHAIRMAN. You can regulate the overhead.

Mr. ROUTSONG. That is very small.

The CHAIRMAN. I think it is very high. You have nothing to do except to administer a fund of $150,000,000. Eight per cent of that is $12,000,000. In a business where you do not have anything to do but administer, any collections to make or any business to get, you ought to do it for 2 per cent.

Mr. BREINING. We have to have training men out to see that the pupils are in training. That is the way this money is spent. It does not consist in sitting back in the office and determining there whether men are being given training, but it means checking up of these men. The 8 per cent is not therefore for administering the funds, as you have termed it.

NUMBER OF APPLICANTS AND NUMBER ACCEPTED.

The CHAIRMAN. How many men do you have on the eligible list for training and how many do you have actually in training? Give us first the number of applications you have.

Mr. ROUTSONG. The number of registrations or applications as of January 1 was 508,726. You will note that that number grows right along.

The CHAIRMAN. How many have you passed upon as eligible?

Col. FORBES. Three hundred and three thousand two hundred and seventy-six. There have been assigned for training 273,906.

The CHAIRMAN. What does that mean?

Col. FORBES. They have been approved for training.

Mr. ROUTSONG. That is the total to date.

Col. FORBES. There are unassigned for training 29,370.

The CHAIRMAN. How many have come out?

Col. FORBES. Do you mean how many have been rehabilitated?

NUMBER OF MEN COMPLETED TRAINING.

The CHAIRMAN. Yes; how many have actually completed their training?

Mr. ROUTSONG. The total number of men who have completed their training is 8,259.

The CHAIRMAN. Those men have actually completed their training and gone into life?

Col. FORBES. Yes, sir; into life, but not always into the work that was their objective in the training.

The CHAIRMAN. Have you any control over that?

Col. FORBES. No, sir.

The CHAIRMAN. Is there any advantage in training them if they do not improve the opportunity that the training gives them?

Col. FORBES. You can not say what pursuit a man shall follow.

The CHAIRMAN. Of course, he might not be able to get a job in the line for which he was trained.

Mr. ROUTSONG. It is true that many of them do not follow their training when they go out into life, and I believe that is true of 75 per cent of the men who attend college. That percentage would not apply, however, to these men.

The CHAIRMAN. You have 273,000 men in training?

Mr. ROUTSONG. That 273,000 represents the eligibles assigned or men who have been declared eligible and assigned to training from the beginning.

LENGTH OF PERIOD REQUIRED FOR TRAINING.

The CHAIRMAN. What is the period required for training these men successfully?

Col. FORBES. It was at first thought that two years would be sufficient, but we have a great many taking university courses requiring four years.

The CHAIRMAN. Is there any limit to the time?

Col. FORBES. Yes, sir; there is a limit to the time.

The CHAIRMAN. What is the practice or regulation of the bureau in regard to that, if there is any?

Col. FORBES. I, personally, have set a standard for the Chillicothe school, and the period has ben standardized there at two years for a course in any of the trades taught there.

CHECK OF TRAINEES' ATTENDANCE.

The CHAIRMAN. Do you have any check on the men to see whether they are really taking the training to which they have been assigned?

Col. FORBES. Yes, sir.

The CHAIRMAN. Is there any truth in the statement to the effect that many of these men who are presumably taking the training in fact only report to the institution?

Col. FORBES. I would not be surprised.

The CHAIRMAN. Is it true that in many cases they do not attend at all, but are being paid while presumably in training?

Col. FORBES. I believe there are some such cases.

The CHAIRMAN. Have you any way to check them up?

Col. FORBES. Yes, sir.

The CHAIRMAN. Are you checking them up?

Col. FORBES. Yes, sir.

The CHAIRMAN. How many have you found?

Col. FORBES. Very few so far, and we are dropping them just as fast as we find them.

COMPLAINTS FROM TRAINEES.

The CHAIRMAN. What is the sense or feeling among the men being trained as to the utility of the training that is being given them? In other words, how do they feel about the matter?

Col. FORBES. We have a great many letters protesting the training, and we have a great many letters commending the training.

The CHAIRMAN. What is the nature of the protest?

Col. FORBES. Principally that they do not get tools, difficulties with the training officers, and because of difficulties with the institution that is training them.

The CHAIRMAN. Do you not have control over that?

Col. FORBES. Yes, sir. It is one of the conditions of unrest among a lot of men who are taking training. It is something very hard to regulate.

EQUIPMENT SUPPLIED TRAINEES DURING AND AFTER COURSE.

The CHAIRMAN. For example, if a man is taking a course of training with a view to becoming a doctor, does the practice still continue of supplying him with all of his books during the period of his training, and then supplying him with a library after he gets through?

Col. FORBES. No, sir; he gets no library when he gets through now. But is supplied with necessary books during his course of training.

The CHAIRMAN. They did formerly, did they not?

Col. FORBES. Not since I have been there.

The CHAIRMAN. But there was such a practice before?

Col. FORBES. Yes, sir; during the old days.

The CHAIRMAN. What about the man who is learning to be a barber: Does he get a supply of barber tools to equip a ship when he finishes his course of training?

Col. FORBES. Not any more. He did receive tools. Of course, he did not get enough to start a shop.

The CHAIRMAN. What about the man studying to be a lawyer?

Col. FORBES. He gets law books to study during his course.

The CHAIRMAN. And a library at the end of his training?

Col. FORBES. He is not getting any library now.

The CHAIRMAN. That practice has been cut out?

Col. FORBES. Yes, sir.

The CHAIRMAN. What books do you supply?

Col. FORBES. The textbooks that the law provides for.

TRANSPORTATION OF TRAINEES.

The CHAIRMAN. Do you pay the transportation of the men to the places where they are to be trained?

Col. FORBES. Yes, sir.

The CHAIRMAN. And their transportation back home again?

Col. FORBES. Yes, sir.

The CHAIRMAN. Would you class that as a part of the overhead or as a part of the training course? Is that included in the $126 per month?

Col. FORBES. We have an item of transportation here.

The CHAIRMAN. How much is paid out for transportation in connection with this training?

Mr. BREINING. I would say, offhand, about $4,000,000 per year for all beneficiaries.

Mr. ROUTSONG. Disbursements for all beneficiaries from August 10 to January 1 amounts to $1,364,000, of which $287,000 was paid out of the vocational appropriation. These figures include only the bills actually settled. At the present time it is difficult to apportion the transportation for this reason: A man will be ordered in for exami-

nation for compensation and that is all given in one examination. Previously we made one examination for vocational training and another for compensation, but now we use the same examination for compensation and for vocational training.

The CHAIRMAN. Does that result in an economy?

Mr. BREINING. Yes, sir; that economizes greatly, because we have one examination cost and one travel cost.

The CHAIRMAN. Do you pay the expenses of the men who come in for examination?

Mr. BREINING. If they are ordered in we do.

The CHAIRMAN. They are all ordered in, are they not?

Col. FORBES. No, sir; a great many come in without any orders.

The CHAIRMAN. Is it necessary to have that cost or does the law require it?

Col. FORBES. The law provides for it. The original war risk act provided for that.

The CHAIRMAN. How much do you allow them for subsistence?

Col. FORBES. $1.

The CHAIRMAN. $1 per day?

Mr. BREINING. One dollar per meal and $2 for lodging, or $5 per day.

The CHAIRMAN. Do you have a limit on the number of days?

Mr. BREINING. No, sir; for instance, if a man out west travels for two days to reach the place where he is examined, we give him six meals and two lodgings, whereas a man living in New York City and who comes into the district office, would not get anything for meals and lodging.

TOTAL EXPENDITURES FOR DISABLED VETERANS.

The CHAIRMAN. I wish you would tell us, if you can, how much is paid for transportation. I would like to broaden that question somewhat and have you tell us how much you have paid for transportation on account of the men who have been in training from the beginning. We would like to have a table showing how much has been paid for transportation, how much for maintenance pay, while taking the training, how much for overhead, how much for tuition cost per man, and how much for supplies. Then we would like to have a statement of the total amount expended on account of the men in training from the beginning of the training up until the present time.

Mr. ROUTSONG. Our accurate records start with August 10, when the Veterans' Bureau was organized. From that time back, we can give you such figures as are available, but we can give a detailed classification for those from August 10 on.

The CHAIRMAN. We would like to get a statement of that in the record because we want to be able to see how much money has been spent for this purpose.

Col. FORBES. It is a colossal sum. Actual expenditures to date are $1,592,569,482, and to this should be added $647,088,418 as representing the unpaid balance of war-risk term insurance awards which the Government is obligated to pay over and above premiums received, making a total of $2,239,657,900. Actual disbursements as made by the Government monthly out of appropriations and funds administered by the Veterans' Bureau are as follows:

Date.	Salaries and expenses.[1]	Allotments and allowances.	Vocational training.	Compensation.	Term insurance awards.	United States Government life insurance awards.	Hospitalization.	Marine and seamen.	Total.
1919.									
Total to December	$26,110,576	$538,556,181	[2] $37,662,977	$30,939,802	$80,133,274	.....	.....	$34,459,035	$749,049,626
December	1,366,348	2,002,376	.....	7,292,454	6,878,499	.....	.....	105,322	17,645,001
1920.									
January	1,224,042	2,365,154	.....	25,570,275	6,945,973	.....	.....	20,003	36,125,450
February	1,140,690	2,256,074	.....	11,020,345	7,788,992	.....	.....	13,145	22,219,249
March	1,128,839	2,403,688	.....	8,814,839	6,259,981	$5,893	.....	4,439	18,617,581
April	1,035,313	2,578,513	.....	11,097,273	7,664,931	8,874	.....	173,209	22,558,114
May	1,116,675	2,167,979	.....	10,072,289	7,246,258	10,049	.....	4,712	20,617,964
June	986,740	2,361,657	.....	9,958,139	7,647,033	24,040	.....	7,420	20,985,032
July	920,821	1,512,757	4,582,055	10,188,614	7,820,488	55,899	.....	3,373	25,084,011
August	988,001	1,777,353	4,983,003	9,306,532	7,320,607	38,793	$2,116	4,605	24,421,103
September	895,737	2,045,538	5,709,324	9,659,202	7,255,233	43,517	20,236	1,557	25,690,348
October	847,302	2,061,959	7,262,943	9,894,910	7,357,518	113,231	89,861	9,087	27,636,813
November	774,591	2,283,605	7,071,648	10,164,495	7,309,088	100,651	197,227	4,192	27,905,497
December	862,698	1,050,696	8,080,552	10,075,034	7,329,904	134,164	194,688	8,089	27,735,828
1921.									
January	712,105	2,126,184	8,495,140	9,512,636	7,360,430	128,834	225,427	7,025	28,567,784
February	700,708	2,393,259	8,760,470	9,778,623	7,831,546	170,740	314,206	187	29,949,741
March	796,754	2,319,352	10,110,411	9,649,838	8,256,244	263,949	432,774	1,587	31,830,912
April	695,959	1,242,992	10,500,553	10,159,869	8,424,625	246,971	412,063	2,337	31,685,373
May	678,023	2,520,359	11,539,648	10,575,416	9,171,605	242,802	389,860	2,607	35,120,324
June	641,325	2,439,972	11,061,890	12,339,881	9,467,060	516,147	651,733	12,169	37,130,180
July	587,574	1,827,592	12,019,490	9,746,121	8,828,605	353,519	836,229	4,433	34,203,567
August	529,491	2,204,025	10,100,559	11,195,020	10,239,918	491,345	2,900,127	8,986	37,669,474
September	534,159	118,648	12,502,107	9,752,970	8,271,771	505,398	2,903,770	4,969	34,593,795
October	557,721	194,216	13,167,320	11,304,112	8,558,762	595,247	2,932,060	5,229	37,314,669
November	706,020	31,188	13,700,405	10,978,460	8,365,510	435,971	2,998,618	175	37,216,349
December	510,434	112,907	13,909,796	10,908,223	10,407,549	561,412	2,559,830	216,383	39,186,538
1922.									
January	513,210	100,632	15,012,960	10,194,506	9,022,2[illegible]	410,617	2,636,905	5,187	37,896,317
Total	47,561,869	583,054,868	226,293,259	310,149,892	289,163,61[illegible]	5,458,076	[3] 20,697,740	35,089,566	1,517,468,885

[1] Expended out of war risk insurance appropriation only.
[2] Total to July 1, 1920; monthly expenditures not available.
[3] Exclusive of $65,890,596.89 allotted to United States Public Health Service, soldiers' homes, War Department, and Navy Department; $19,900,000 expended by United States Public Health Service prior to July, 1920; and $4,684,150.00 expended for medical and hospital services out of appropriation for military and naval compensation.

The CHAIRMAN. In addition to the figures indicated in the above statement, I assume that there is a contingent insurance liability of approximately $1,240,000,000 over a period of 20 years, or about $60,000,000 a year on the average?

Col. FORBES. Yes, sir; about that.

The CHAIRMAN. So that, in addition to the amount of cash paid out, aggregating $1,517,468,885, the amount of liability assumed as a result of the insurance, aggregating $1,240,000,000, would make a total of $2,757,000,000. How much balance have you in the insurance fund?

Mr. ROUTSONG. The balance, as of February 1, is $87,000,000 in that appropriation.

The CHAIRMAN. From the amount above indicated there should be deducted the amount of premiums which come in from time to time?

Col. FORBES. Yes, sir. We are reinvesting converted premiums in Liberty bonds.

The CHAIRMAN. How much do they average?

Col. FORBES. About $44,000,000 has been invested.

Mr. ROUTSONG. I think you are confusing two types of insurance in this discussion. The term insurance premiums are not reinvested.

The CHAIRMAN. What I want to get at is the aggregate amount here.

Mr. MILLIKEN. You should take the total premiums received from the beginning up to date, and subtract them from the total liabilities for term insurance.

Mr. ROUTSONG. The total premiums amount to $374,150,000.

The CHAIRMAN. Approximately $370,000,000.

Mr. ROUTSONG. Yes, sir.

The CHAIRMAN. The $374,000,000, in round numbers, received in the form of premiums should be deducted from the $2,757,000,000 to show the net liability and expense. I am attempting here to show just what has been expended for this purpose. It is frequently charged that we are not doing anything.

Col. FORBES. Would you mind letting us prepare a statement covering the matter?

The CHAIRMAN. We will be delighted to have you do that and insert it in the record.

Col. FORBES. The active term insurance in force amounts to $2,502,656,000.53.

The CHAIRMAN. What was the cost per thousand for that insurance?

Col. FORBES. Between $1.03 and $1.08 is the cost of writing $1,000 of our insurance for administration.

Mr. BREINING. The rates are figured on the American Experience Mortality Table.

The CHAIRMAN. What does it cost the man?

Col. BREINING. Anywhere from 67 cents up is the cost to the assured per thousand.

The CHAIRMAN. That depends upon the age, I suppose.

Col. FORBES. Yes, sir.

MEDICAL AND HOSPITAL SERVICES.

The CHAIRMAN. The next item is medical and hospital service. In this connection you are asking $20,000,000—is that right?

Mr. ROUTSONG. $20,278,930.

The CHAIRMAN. Tell us what makes it necessary to have this additional $20,000,000 for the hospitalization of the men.

Mr. ROUTSONG. The medical and hospital appropriation is an appropriation that is disbursed by the director by direct disbursement and by allotment to the various branches of the services which furnish hospital care. We have had to estimate the requirements of all branches of the service for the period of a year.

NUMBER IN HOSPITALS.

The CHAIRMAN. How many people have you in the hospitals now?

Col. FORBES. About 30,650.

The CHAIRMAN. Can you tell us where they are?

Mr. ROUTSONG. Yes, sir; we have a statement showing just where all of them are located.

Col. FORBES. I suggest that you give it by disease groups, so that the committee may know the character of the hospitals.

Mr. ROUTSONG. These figures are as of February 2: There is a total of 12,344 tuberculosis patients, 8,802 neuropsychiatric patients, and 9,633 general and surgical patients, making a grand total of 30,779.

The CHAIRMAN. Is the number increasing or decreasing?

Mr. ROUTSONG. It is increasing.

The CHAIRMAN. How are the hospital facilities, compared with the demands?

Col. FORBES. The hospital facilities are inadequate.

The CHAIRMAN. How many of these patients are in the Public Health Service hospitals?

Mr. ROUTSONG. A total of 14,451.

The CHAIRMAN. How many in Navy hospitals?

Mr. ROUTSONG. One thousand eight hundred and four.

The CHAIRMAN. And in Army hospitals?

Mr. ROUTSONG. One thousand seven hundred and thirty-four.

The CHAIRMAN. How many in contract hospitals?

Mr. ROUTSONG. Nine thousand one hundred and twelve.

The CHAIRMAN. How many are in marine hospitals as distinguished from the Public Health Service hospitals?

Col. FORBES. A few get into the marine hospitals that are used by the United States Public Health Service for its beneficiaries.

The CHAIRMAN. How many are in the hospitals of the soldiers' homes?

Mr. ROUTSONG. Two thousand eight hundred and fifty-one.

PER DIEM COST OF PATIENTS IN HOSPITALS.

The CHAIRMAN. What is the per diem cost of maintaining a patient in each one of these hospitals?

Mr. ROUTSONG. We have been unable to revise the estimate which we previously submitted to you, Mr. Chairman, as to the per diem cost, which was for Army hospitals $4.28, for Navy hospitals $4.24, and the Public Health Service $4.64. We are unable to give an estimate for the soldiers' homes, except in two of the hospitals which are occupied almost exclusively by our beneficiaries. I will have to check up the statement I am about to give. I think the average cost is about $3.75 per day in those two hospitals.

Mr. WOOD. Where are those two hospitals of the soldiers' homes located?

Mr. ROUTSONG. At Marion and Johnson City.

The CHAIRMAN. That compares with $4.28 in the Army hospitals and $4.24 in the Navy hospitals.

Mr. ROUTSONG. Yes; $4.28 in Army hospitals and $4.24 in Navy hospitals. It might be interesting to say in this connection that while we had estimated on a basis of 1,247 as the average in the Army hospitals throughout the year this statement shows that we have actually 1,734 in Army hospitals at this date. Of course, at the beginning of the year, the number in hospitals was below the average of 1,247, and at the end of the year I believe we will be able to show that the per diem cost, on the basis of the actual number of patient-days' service rendered, will be less than the estimate of $4.28.

The CHAIRMAN. What method do you pursue in ascertaining the cost? Do you make contracts with these hospitals for the number of patients you allot to them?

Mr. ROUTSONG. You are speaking of the Army and Navy hospitals?

The CHAIRMAN. I am speaking of all hospitals.

Col. FORBES. My instructions to the statistical department have been to go through the books of each one of these organizations for the purpose of finding out how they distribute the funds we allocate to them and to charge up to the various divisions of the particular service that which we believe should be charged up to the cost of operation. We have put in a considerable length of time on the Public Health Service in working up their disbursements, so that we could arrive at the cost of operation or the cost per diem. The Army is furnishing us a similar statement, as is the Navy. During the last several sessions of the Federal board on hospitalization we have been dealing more particularly with the cost of operation of hospitals, but due to the way they have expended funds allocated by the bureau it has been very difficult to arrive at the actual cost as yet—that is, the per diem for our patients. The figures we have here are the result of the investigations thue far made.

The CHAIRMAN. Why do you not bring them in and require them to make a contract with you for the amount they charge for the care of these patients and allot them the amount of money which will cover the expense of the number of patients you have in their care?

Col. FORBES. In that connection we took up that question with the soldiers' homes. Gen. Wood was there, and I asked him, inasmuch as he had stated to your committee that the cost was approximately $2.75, as I recall it, whether he would be willing to accept allotments from us on the basis of $2.75 a day. At first he said yes; then, after a consultation with his financial people, he said that sum would increase, but he was not able at that time to state how much. So he did not agree to accept allotments from us on that basis.

The CHAIRMAN. They make the statement that the reason why the cost increases is that your board of so-called experts, who fix the character of the service, have so many fads connected with the service that the cost is very much greater than it would be if it were not for that.

Col. FORBES. In answer to that, Mr. Chairman, our board has never set up a standard for the soldiers' homes; the standard that was set up was by a board of consultants of their own.

The CHAIRMAN. Well, somebody.

Col. FORBES. Called by themselves and who are not members of any of the governmental agencies.

The CHAIRMAN. You do not follow their dictation?

Col. FORBES. Well, not entirely; no, sir. That was made up of some doctors that Gen. Wood brought in for consultation for the purpose of working on standardization of treatment. We believe that our requirements for the care of the younger men are much different than the requirements for the care of older persons, basing our argument on the fact that the soldiers' homes have been dealing with older men whose association with the institution is custodial, domiciliary, and not purely medical. The medical attention required for inmates of old soldiers' homes is much less than that required by the younger men, who are there purely for medical care and treatment.

The CHAIRMAN. Do you make an allotment in blank of a given amount, without respect to the number of patients that are in these hospitals?

Col. FORBES. When I first came into the job I did; I made them an allotment of $2,500,000, which in part was to be used for construction and alterations in soldiers' homes; since then I have made no further allotments to them, and we have told them that we wanted an itemized statement from them as to their disbursements.

The CHAIRMAN. Do you not make all of these people who have the care of your patients render a monthly statement showing the number of patients they have and the cost per patient?

Mr. ROUTSONG .Every Public Health Service hospital renders such a statement and the Army and Navy hospitals render quarterly statements on the number of patient-days service rendered, and they are all carefully checked against our hospital records before any further allotments are made.

The CHAIRMAN. Does the same thing apply to the soldiers' homes?

Col. FORBES. It applies to them, but they have not rendered us a statement as yet.

The CHAIRMAN. Why do you not insist on having such a statement?

Col. FORBES. We will, because we have not allocated them any more money than the $2,500,000 that was first allocated to them.

The CHAIRMAN. Is there no way by which you can ascertain in advance just what it is going to cost you per patient when you send patients into one of these hospitals, so that you can make an allotment on the basis of the number of patients they have?

Col. FORBES. No; you can not do it, and for this reason: We have a very rapid turnover in all of these hospitals; our population is changing every day; and under certain rules and regulations we have recently promulgated, when we discharge a man from a hospital, after he has reached the maximum hospital improvement, we are reducing our population as rapidly as we can, but, of course, new people are coming in all the time. A hospital to-day may be employing a personnel of 700 men and only have 250 patients.

The CHAIRMAN. Of what class of patients would that be true?

Col. FORBES. General medical and surgical cases, and of the quiescent cases of tuberculosis.

The CHAIRMAN. Do you require more personnel to take care of that class of cases than you do other cases?

Col. FORBES. Not necessarily; but, as I say, a hospital may be depopulated to a goodly extent to-day and filled up next week, so that we must continue the employees there in the hospital.

DEMAND FOR FURTHER HOSPITAL SPACE.

The CHAIRMAN. Are the facilities for hospitalization keeping pace with the needs of the service?

Col. FORBES. No, sir; they are not.

The CHAIRMAN. What is the state of the case to-day in respect to facilities?

Col. FORBES. We are without adequate facilities for our insane and for tuberculosis patients.

INSANE AND NERVE PATIENTS.

The CHAIRMAN. How much more space do you require for them?

Col. FORBES. As to the insane, we have just had a conference with the leading neuropsychiatrists of the country, and they concluded their work with us the other day, seven of the biggest men in the United States. In our expectancy of the peak for mental and nervous cases we had 9,350 at the peak of our nervous load. At the conclusion of this conference they reported that we would have to provide for 12,200.

The CHAIRMAN. Do you see any evidence of truth in that conclusion?

Col. FORBES. Yes; we do, in a way. I am speaking now as a layman, Mr. Chairman, and not as a medical man.

The CHAIRMAN. But you could tell by the number of applicants?

Col. FORBES. If I were to judge from the number of communications we receive on this very subject, I would agree with them. They have made a study of the ex-soldier population in the various States of the country; they have taken the normal expectancy for insane per thousand as found among our ex-service men, and they have by that method arrived at the percentage of expectancy of insane among the ex-service men in the various centers of the country.

The CHAIRMAN. How soon do they expect that peak to be reached?

Col. FORBES. Our expectancy was in 1925, and, of course, if insanity does develop as rapidly as they claim it will our expectancy will not be reached until 1927.

GENERAL HOSPITAL CASES.

The CHAIRMAN. How about the general hospital cases? Is there any decrease or increase in the number of applicants?

Col. FORBES. The curve to-day shows that the mental cases are the highest.

The CHAIRMAN. There is a growing number?

Col. FORBES. Yes, sir; and also as to tuberculosis. The general medical and surgical cases ran along at a fairly even line until this industrial depression showed up, when we had an increase in the number of that particular class of cases.

The CHAIRMAN. You mean mental cases?

Col. FORBES. No; general medical and surgical cases.

The CHAIRMAN. What makes the depression increase the number of general medical cases?

Col. FORBES. Well, the men who can not get work.

The CHAIRMAN. Do you mean to say they come into this service because they can not get work or because they need attention?

Col. FORBES. They need attention. There are a lot of ex-service men who would not seek medical attention or compensation if they had employment; they would pay their own expenses.

The CHAIRMAN. To what extent does that condition exist?

Col. FORBES. I should say that from 10 to 15 per cent of our men would look at it that way.

The CHAIRMAN. How many applications have you had for hospitalization of all kinds?

Col. FORBES. All men who apply for compensation, of course, are not eligible for hospitalization. We have made over 1,000,000 physical examinations and we now have 30,700 men in hospitals. There have been 212,000 admissions to hospitals to date.

The CHAIRMAN. Are you able to take care of all those who make applications?

Col. FORBES. Well, we have some difficulty in certain diseases.

The CHAIRMAN. In what diseases?

Col. FORBES. In mental diseases.

NUMBER OF VACANT HOSPITAL BEDS.

The CHAIRMAN. How many vacant beds are in the hospitals now?

Col. FORBES. About 7,000 all told.

The CHAIRMAN. What percentage of the total bed capacity would that be?

Col. FORBES. I should say that 70 per cent of that total would be for general medical and surgical cases.

The CHAIRMAN. I mean, what percentage would 7,000 vacant beds be of the total bed space?

Col. FORBES. About 19 per cent.

The CHAIRMAN. Then that gives you the proper amount of vacant space? It is said, is it not, that about 10 or 15 per cent of vacant bed space must be maintained?

Col. FORBES. Yes, sir; to take care of the turnover, proper sanitation, preparation for emergencies, and things of that sort.

The CHAIRMAN. If you have 15 per cent of vacant beds, what is the necessity for increasing the hospital facilities?

Col. FORBES. Within four years there will have been vacated 11,400 beds due to the expiration of leases.

The CHAIRMAN. In contract hospitals?

Col. FORBES. In Government hospitals.

The CHAIRMAN. You mean that the Government has leased hospitals?

Col. FORBES. Yes, sir.

The CHAIRMAN. And they are now operated by the Public Health Service?

Col. FORBES. Yes, sir. Fox Hills in New York, for instance.

The CHAIRMAN. And your idea is that these leases will not be renewed?

Col. FORBES. They want to sell the properties, and I hope many of them will not be renewed or property purchased.

POLICY OF BUREAU IN REGARD TO PURCHASE OF HOSPITALS.

The CHAIRMAN. Is there any movement on foot on your part to buy these properties?

Col. FORBES. No, sir; absolutely none.

The CHAIRMAN. Is there any pressure brought to bear on you to buy hospitals anywhere throughout the country that people have for sale and want to get rid of?

Col. FORBES. About every day in the week.

The CHAIRMAN. What effect does that have on your judgment?

Col. FORBES. It has no effect unless the hospital is of such a type that it is well fitted for the purpose.

The CHAIRMAN. Was there any truth in the statement I saw in the paper a few weeks ago wherein you were quoted as saying that you were buying hospital properties that were for sale?

Col. FORBES. There was no truth in that statement.

The CHAIRMAN. Is there any well-defined plan in the Veterans' Bureau to buy hospital properties?

Col. FORBES. Yes, sir; if hospitals can be purchased such as the one at Memphis.

The CHAIRMAN. What was the advantage in obtaining the Memphis Hospital?

Col. FORBES. It is a brand new fireproof structure completely equipped and completely furnished.

The CHAIRMAN. Was that the only reason for buying it?

Col. FORBES. It was well equipped and well established for our work. It was inspected by our medical people and found to fill all our requirements.

The CHAIRMAN. And you bought it?

Col. FORBES. No; the Secretary of the Treasury purchased it upon the advice and recommendation of the whole committee.

The CHAIRMAN. What kind of patients are you caring for there?

Col. FORBES. General medical and surgical cases will be assigned while the load is high.

The CHAIRMAN. How many patients are there?

Col. FORBES. There are no patients there now, because the property has not been turned over to us.

The CHAIRMAN. Is the building completed?

Col. FORBES. Yes, sir.

The CHAIRMAN. How much does the building cost you?

Col. FORBES. $870,000.

The CHAIRMAN. How many patients can you take care of there?

Col. FORBES. Our medical division decided that we could take care of 250 patients in that hospital.

The CHAIRMAN. Do you think that is a necessary investment?

Col. FORBES. Yes, sir; I think it is a very splendid and necessary investment if it can go through.

The CHAIRMAN. Is there any doubt about its going through?

Col. FORBES. I do not know.

The CHAIRMAN. I do not think there is much doubt about anybody letting you have property if you want to buy it, but do you not

think we ought to go a little slow in investing money in this class of property? I understand you are advocating the passage of a bill that provides for an additional expenditure of $16,000,000 for the construction or purchase of hospitals?

Col. FORBES. Yes, sir.

The CHAIRMAN. Is any part of that $16,000,000 going to be used to buy hospitals of this type or are you going to construct them?

Col. FORBES. We would buy them if we could get them like the one at Memphis, Tenn., but I do not believe we can get any more just like that hospital. The hospital program, I might say, is for the future needs of the service, and it has been studied not by the Director of the Veterans' Bureau, but by the hospital experts of the country and Government experts.

The CHAIRMAN. Might not these medical people and experts be a little prejudiced in favor of an investment somewhere in their neighborhood?

ALLOCATION OF APPROPRIATION OF LANGLEY BILL.

Col. FORBES. I have not seen any such spirit. Of the $18,600,000 appropriated by the terms of the first Langley bill there were only two purchases that I know of without further reference, and the first was the purchase of the Catholic Orphanage in New York City, for which $2,750,000 was paid, and $600,000 was allocated for reconstruction work. This hospital is to care for neuropsychiatric patients, and 1,000 patients will be accommodated. That work is now under way.

The CHAIRMAN. When will that hospital be ready?

Col. FORBES. That is supposed to be ready in June, 1922. The other purchase, was made at Rutland, Mass. The balance of the money, $18,600,000, with the exception of $821,000, which was held for providing extras during the course of construction has been allocated.

The CHAIRMAN. How much is still unallocated?

Col. FORBES. That is still unallocated, $821,000 held in abeyance. Then, for the United States Public Health Service Hospital No. 63, Lake City, Fla.—that was the property purchased for 100 T. B. beds.

The CHAIRMAN. How much has that cost?

Col. FORBES. They have not the price here. Allotted, $300,000.

The CHAIRMAN. Is not that a big price for 100 beds?

Col. FORBES. I believe that $3,000 a bed is a high price, but the supervising architect figured $4,000 a bed. That work at Lake City, Fla., is pretty well completed.

United States Public Health Service Hospital No. 50, Prescott, Ariz.—that is on Government property—$600,000.

The CHAIRMAN. They still want another hospital in Arizona: they make an effort every time we have a bill.

Col. FORBES. We have not purchased additional hospitals in Arizona.

The CHAIRMAN. You are not going to buy it?

Col. FORBES. No, sir.

The CHAIRMAN. You do not need it?

Col. FORBES. The medical authorities advise me we do not need additional facilities in the State of Arizona.

The CHAIRMAN. How many vacant beds have you in Prescott?

Mr. MILLIKEN. One hundred and twenty-four.

The CHAIRMAN. Vacant?

Mr. MILLIKEN. Yes, sir.

The CHAIRMAN. How many altogether?

Mr. MILLIKEN. Seven hundred and fifty, total bed capacity.

The CHAIRMAN. What is the cost of the hospital?

Col. FORBES. It is an old Army camp.

Then the Fort Logan H. Roots, Little Rock, Ark., for which there was allotted $250,000. That is also on Government property. The United States Public Service Hospital No. 55, at Fort Bayard, N. Mex., also on Government property.

The CHAIRMAN. That was a military hospital?

Col. FORBES. Yes, sir. United States Public Health Service Hospital No. 42, Perryville, Md., $500,000. Hospital at Fort Walla Walla, Wash. That was another post.

The CHAIRMAN. Another military hospital?

Col. FORBES. Yes, sir; $495,000. United States public Health Service Hospital No. 27, Alexandria, La., $50,000. National Home for Disabled Volunteer Soldiers, Milwaukee, Wis., $1,400,000. National Home for Disabled Volunteer Soldiers, Dayton, Ohio, $750,000; National Home for Disabled Volunteer Soldiers, Marion, Ind., $170,000. Sanitarium at Rutland, Mass., $740,000.

The CHAIRMAN. Is that a Government establishment?

Col. FORBES. I think that was a purchase.

The CHAIRMAN. How much was that?

Col. FORBES. $740,000. United States Public Health Service Hospital No. 62, Augusta, Ga., $814,000. United States Public Health Service Hospital No. 60, Oteen, N. C., $748,000. Fort McKenzie, Wyo., $102,000. Catholic Orphange, New York City, $2,750,000; Negro Hospital, Tuskegee, Ala., $2,250,000.

The CHAIRMAN. Is that a new one at Tuskegee?

Col. FORBES. Yes, sir; an addition. Palo Alto, Calif., $1,400,000. Then we have allotted $1,000,000 for a hospital in western Pennsylvania. A preliminary study is under way.

The CHAIRMAN. Is that a hospital already in existence?

Col. FORBES. That is one to be built in western Pennsylvania. In St. Louis, Jefferson Barracks, on Government property, $1,000,000. The Metropolitan district in New York, $1,000,000. That makes the amount allocated altogether $17,779,000, with a balance of $821,000 reserved for contingencies.

The CHAIRMAN. How many beds will that provide?

Col. FORBES. 6,007 beds. The following shows the situation as reported by the Secretary of the Treasury's committee on January 14 (see attached 236a).

The CHAIRMAN. These facilities would take the place of the contract hospitals?

Col. FORBES. Yes, sir; in large part.

The CHAIRMAN. You have how many contract hospitals, 12,000?

Col. FORBES. No. We had 1,500 listed, altogether.

The CHAIRMAN. I am talking about beds.

Col. FORBES. About 9,000 beds.

The CHAIRMAN. You have 6,000 of those provided by these facilities?

Col. FORBES. Yes, sir.

The CHAIRMAN. That will come within 3,000 of satisfying all of your needs?

Col. FORBES. No, sir.

The CHAIRMAN. You figured on 35,000?

Col. FORBES. It would be 38,000 if we accept these figures. We must provide for them.

Mr. MILLIKEN. There are a great many beds located in places decidedly unsatisfactory, which projects if abandoned would call for replacement. For instance, at Fort McHenry the medical specialists say that that is not the proper place for the treatment of tuberculosis.

The CHAIRMAN. I have talked with medical experts and they tell me that it does not make any difference where you treat tuberculosis. Why not Fort McHenry?

Col. FORBES. It is of the old cantonment type.

Mr. MILLIKEN. The medical authorities say it is unsuited for a hospital.

Consultants on hospitalization—Progress report as of January 14, 1922.

Hospital.	Allotted.	Date of allotment.	Beds.	Type.	Condition of plans.	Work started at site.	Completion of hospital.	Per cent of completion.
		1921.				1921.	1922.	
United States Public Health Service, No. 63, Lake City, Fla.	$300,000	May 3	100	Tuberculosis	Completed	July 20; purchase and hire. Oct. 22; contract	January; purchase and hire. March; contract	95 per cent; Dec. 31; purchase and hire. 40 per cent; Jan. 1; contract.
United States Public Health Service, No. 50, Prescott, Ariz.	600,000	do	422	do	do	June 4; purchase and hire. Nov. 15–Dec. 3; contracts awarded.	February; purchase and hire. May; contract	80 per cent; Dec. 30; purchase and hire. 20 per cent; Jan. 1; contract.
Provisional Hospital No. 2, Fort Logan H. Roots, Little Rock, Ark.	250,000	do	257	Neuropsychiatric	do	June 28; purchase and hire. Nov. 29; contract	December;[1] purchase and hire. April; contract	Practically complete Dec. 22, 1921. 10 per cent (approximate); Jan. 1 1922; contract.
United States Public Health Service No. 55, Fort Bayard, N. Mex.	850,000	May 28	250	Tuberculosis	do	Nov. 9; contract awarded.	June	5 per cent; Jan. 1, 1922.
United States Public Health Service No. 42, Perryville, Md.	500,000	do	300	Neuropsychiatric	do	Sept. 19; purchase and hire.	May	35 per cent; Jan. 9, 1922.
Provisional Hospital No. 1 Fort Walla Walla, Wash	450,000 45,000	do	165	Tuberculosis	do	Aug. 15; purchase and hire. Nov. 28; contract awarded.	February; purchase and hire. May; contract.	84 per cent Jan. 6, 1922; purchase and hire.
United States Public Health Service No. 27, Alexandria, La.	60,000	June 15	None.	do	do	June 23	January	80 per cent Jan. 7, 1922.
National Home for Disabled Volunteer Soldiers:								
Milwaukee, Wis	1,400,000	June 27	500	do	do	Dec. 21; contract	July or August	Excavation started.
Dayton, Ohio	750,000	do	250	do	do	do	June	Excavation nearly completed; contract work started.
Marion, Ind	170,000	do	83	Neuropsychiatric	do		May	Necessary revision of plans nearly completed.
Provisional Hospital No. 4, Con. N. E. San., Rutland, Mass.	740,000	do	220	Tuberculosis	do	Dec. 5; purchase and hire; Nov. 30, contract awarded.	June	15 per cent Jan. 7; purchase and hire.
United States Public Health Service No. 62, Augusta, Ga.	814,000	Aug. 2	265	Neuropsychiatric	do		7 months after award of contract.	Bids to be opened Jan. 18, 1922; site acquired Dec. 28, 1921.
United States Public Health Service No. 60, Oteen, N. C.	748,000	do	200	Tuberculosis	do		September	Bids to be opened Feb. 6, 1922; question of site now with Department of Justice.
Fort McKenzie, Wyo	102,000	Aug. 17	245	Neuropsychiatric	do	Aug. 30; purchase and hire.	February	70 per cent Dec. 31, 1921.

[1] 1922.

Consultants on hospitalization—Progress report as of January 14, 1922—Continued.

Hospital.	Allotted.	Date of allotment.	Beds.	Type.	Condition of plans.	Work started at site.	Completion of hospital.	Per cent of completion.
Roman Catholic Orphanage, New York City.	$2,750,000	Sept. 30	1,000	Neuropsychartic	Practically complete except revision of girls' building.	Dec. 12; purchase and hire.	May or June [2]	6 per cent Jan. 6, 1922.
Remodeling	600,000	Nov. 16						
Negro hospital, Tuskegee, Ala.	2,250,000	do	230 270	Tuberculosis Neuropsychiatric	Approximately 50 per cent.	To be started upon completion of drawings.	October	Bids to be advertised in about 2 months.
Palo Alto, Calif.	1,400,000	do	500	do	Approximately 60 per cent.	do	do	Do.
Western Pennsylvania	1,000,000	do	250	Tuberculosis	Preliminary studies under way.			Acquisition of property nearing completion.
St. Louis (Jefferson Barracks), Mo.	1,000,000	do	250	General	do			Site acquired Jan. 9; acquisition of further property nearly completed.
Metropolitan district, New York City.	1,000,000	do	250	Tuberculosis	do			Acquisition of property nearing completion.
Total	17,779,000 821,000		[4] 6,007					
Grand total	18,600,000							

[1] Balance; reserve fund to be used in providing for emergencies where allotment does not complete the project or changes have to be made, or for providing for change in utilities of institutions occasioned by the addition of new beds. Law forbids building on land not owned by Government.
[2] Present indications point to earlier completion of boys' building and officers' quarters.
[3] Tuberculosis beds, 2,837; neuropsychiatric beds, 2,920; general beds, 250.

PROPOSED ALLOCATIONS OF APPROPRIATIONS OF SECOND LANGLEY BILL.

The CHAIRMAN. What do you propose to do if you get the additional $16,000,000 proposed?

Col. FORBES. We have a list as tentatively proposed. Five hundred tuberculosis beds in California.

The CHAIRMAN. Where do you propose to locate that?

Col FORBES. I do not know yet.

The CHAIRMAN. Is there any movement to acquire property in California formerly occupied by the Shipping Board?

Col. FORBES. We tried to get that property, but we could not get it. It is at Clyde.

The CHAIRMAN. What was the object of trying to get it?

Col. FORBES. I went to the Shipping Board and asked if they would give it to us. They had a $600,000 mortgage on this property. They finally decided that they could not give it to us unless wec ould make some deal with the people who owned the property. They came to see us on the proposition. I went to see the property when I was ont there and decided that the property was not worth any such sum. There were 106 modern bungalows and a hotel on the property—that is, 267 rooms, I think; I am not positive. I said that if the thing was sold at auction it would not bring over $150,000. After that the deal fell through. The Shipping Board could not make any arrangements with us. There was another project belonging to the Housing Corporation at Vallejo. We tried to get that. It seems those bungalows were sold to the employees in the navy yard and people around Vallejo. So we could not get that.

HOSPITAL SITUATION IN CHICAGO.

The CHAIRMAN. What about the situation in Chicago?

Col. FORBES. It has not been decided unless we build on the Public Health grounds.

The CHAIRMAN. The Maywood Hospital or the so-called Speedway Hospital?

Col. FORBES. No; I do not think the medical authorities want to expand that any more.

The CHAIRMAN. Is that fully occupied?

Col. FORBES. I think there are over 700 patients.

The CHAIRMAN. What is the capacity?

Col. FORBES. The capacity is 1,000. We never could get a thousand in it, on account of taking care of the employees.

The CHAIRMAN. How many employees living in the building?

Col. FORBES. My best recollection is 125.

The CHAIRMAN. Could not they live outside?

Col. FORBES. They made some contracts with the town of Maywood to take care of them. We have a colored population in Chicago which is large, and it may be necessary to have a hospital for the colored people. We have a good many. I am going to Chicago and look into that as soon as I can. We have 869 beds occupied in Speedway Hospital as of February 3, and 29 beds unoccupied.

The CHAIRMAN. What classes of patients?

Mr. MILLIKEN. Three hundred and one tuberculosis, 208 persons suffering from mental and nervous disorders, and 360 general medical and surgical cases.

Col. FORBES. We have 150 beds in a hospital at Memphis and 250 beds at Walter Reed General Hospital. We are converting the hospital into quarters for patients, instead of being used by employees, wherever possible.

The CHAIRMAN. There is plenty of room there?

Col. FORBES. Yes, sir. At the present rate there will be, tuberculosis, 11,225; neuropsychiatric, 8,376; general medical and surgical, 9,483 on June 30, 1922. The estimated total number of patients will be 32,474.

The CHAIRMAN. Is that the peak?

Col. FORBES. No, sir.

The CHAIRMAN. What is the peak anticipated?

Col. FORBES. Our peak, as I told you, was figured at 35,000, until a new estimate was made of 3,000 additional. That report I will make in a day or two.

The CHAIRMAN. When do you expect to have these facilities available?

Col. FORBES. The properties are to be acquired under the new Langley bill, if it becomes a law.

PROPOSED EXPENDITURE OF APPROPRIATION REQUESTED.

The CHAIRMAN. Is any part of the money you are asking for here to be used for the purchase of property—the $20,000,000 asked for in this deficiency?

Col. FORBES. No; it is not so contemplated.

The CHAIRMAN. What is this to be used for?

Col. FORBES. We have a statement of the total amount required for this year. See attached 241a.

The CHAIRMAN. Let us have the statement.

Mr. ROUTSONG. This is practically the same statement which we gave you, Mr. Chairman, for consideration in the first deficiency bill, at which time, you will recall——

The CHAIRMAN (interposing). You said that you had about $5,000,000 or $6,000,000 a month expense for hospitalization?

Mr. BREINING. $6,600,000 last month.

Estimated expenditures for medical and hospital services for fiscal years 1923, 1922, and expenditures for fiscal year 1921.

	Estimated, 1923.	Estimated, 1922.	Expended, 1921.
United States Army Hospitals:			
Estimated average number of patients	2,000	1,247	575
Number of hospital days	730,000	455,075	210,017
Estimated cost per patient per diem [4]	$3.55	$4.28	$3.65
Estimated cost of hospitalization	$2,589,755.00	$1,992,515.50	$767,100.00
Alterations and repairs		$40,000.00	$750,000.00
Total allotment	$2,589,755.00	$2,032,515.50	$1,517,100.00
United States naval hospitals:			
Estimated average number of patients	1,200	924	205
Number of hospital days	438,000	337,200	74,784
Estimated cost per patient per diem [5]	$4.06	$4.24	$3.00
Estimated cost of hospitalization	$1,779,386.00	$1,428,069.12	$224,589.12
Alterations and repairs		$35,000.00	
Total allotment	$1,779,386.00	$1,463,069.12	$224,589.12
National Home for Volunteer Disabled Soldiers:			
Estimated average number of patients	3,500	3,204	1,208
Number of hospital days	1,277,500	1,169,533	440,933
Estimated cost per patient per diem [6]			
Estimated cost of hospitalization	$2,184,525.00	$2,000,000.00	[1] $1,301,714.92
Alterations and improvements [7]		$500,000.00	$3,768,285.08
Total allotment	$2,184,525.00	$2,500,000.00	$5,070,000.00

Estimated expenditures for medical and hospital services for fiscal years 1923, 1922, and expenditures for fiscal year 1921—Continued.

	Estimated, 1923.	Estimated, 1922.	Expended, 1921.
United States Public Health Service:			
Estimated average number of patients [8]	20,000	16,821	18,526
Number of hospital days	7,300,000	6,139,592	6,761,907
Estimated cost per patient per diem [9]	$5.21	$4.64	$4.53
Estimated cost of hospitalization	$38,044,706.00	$28,493,698.56	$30,656,331.87
Opening new hospitals—equipment	$840,000.00	$2,000,000.00	$1,528,517.29
Dental services—independent clinics [10]		$2,179,614.26	
Operation of dispensaries and relief stations [10]	$237,360.00	$2,750,000.00	
Total allotment	$39,122,066.00	$35,423,312.82	$32,184,849.16
United States Veterans' Bureau:			
Detailed medical personnel (paid by United States Public Health Service)	$1,169,985.00	$900,000.00	$227,135.15
District offices			$931,712.25
Salaries			$162.77
Administrative expenses			$145,440.03
Transportation of beneficiaries	$1,500,000.00	$1,500,000.00	$1,648,208.58
Travel expenses of beneficiaries	$500,000.00	$500,000.00	$527,790.76
Physical examination (fees) [10]	$350,000.00	$700,000.00	$758,124.88
Medical and surgical (special, such as X-ray, laboratory, etc.) [10]	$725,000.00	$725,000.00	$716,339.58
Supplies (orthopedic), etc	$120,000.00	$120,000.00	$127,588.88
Hospital services, contract [11]		$125,000.00	$134,973.03
Burial awards	$175,000.00	$80,000.00	$79,978.41
Dental services (fees) [10]	$2,500,000.00	$5,000,000.00	[2] $1,864,877.50
District organizations (regional and suboffices): [12]			
Salaries [13]		$9,672,025.00	[2] $3,089,568.92
Equipment and supplies, including stationery, printing and binding, furniture, etc		$1,734,360.00	
Miscellaneous expenses		$99,185.00	
Travel and subsistence		$281,637.00	
Motor vehicles		$55,000.00	
Rentals [14]		$1,682,330.00	[2] $364,507.31
Heat, light, and water		$38,655.00	
Telephone and telegraph		$87,637.00	
Freight and transportation		$53,586.00	
Dispensaries—			
Equipment	$1,007,617.00	[3] $503,800.00	
Installation	$771,078.00	[3] $385,539.00	
Supplies	$299,957.00	[3] $59,991.00	
Undistributed balance			[2] $907,147.95
Total district organizations	$2,078,652.00	$14,652,745.00	$4,361,224.18
Contract hospitals—			
Estimated average number of patients	7,475	9,162	
Number of patient days	2,718,375	3,344,100	
Estimated cost per diem	$3.50	$3.68	
Estimated cost of contract hospitalization	$9,514,312.50	$12,306,288.00	
Contingency fund	$350,000.00	$250,000.00	
Total, United States Veterans' Bureau	$18,982,949.50	$36,860,033.00	$11,523,556.00
Grand total of allotments and disbursements	$64,658,681.50	$78,278,930.44	$50,520,094.28

[1] Includes undistributed balance, $628,663.26.
[2] Paid by United States Public Health Service, 1921.
[3] Not included in any previously submitted 1922 estimate.
[4] Rate based on actual per diem hospitalization cost of $3 per diem, including subsistence and Quartermaster Corps and Medical and Hospital Department supplies and services, plus $399,755 pay for additional reserve officers and Army nurses necessary for proper treatment.
[5] Rate based on actual per diem hospitalization cost of $3.12 per diem, including subsistence and prorated maintenance supplies and services, plus pay of additional Hospital Corps men of $410,760.
[6] Representative per diem cost per patient not estimatable due to institutional character of homes and the fact that no separate accounts of actual hospital treatment costs available.
[7] Alterations and improvements, 1923 and 1922, dependent upon action of Secretary of Treasury hospitalization committee.
[8] Estimate of 1921 includes patients in contract hospitals.
[9] This per diem rate high due to many factors not affecting other services, such as the opening of new hospitals which fill gradually, thus making the initial daily rate apparently excessive; the cost of outpatient departments which treat large numbers of nonhospitalized cases; the expense of vocational teachers under personnel of hospitals; the cost of the administration through the Hospital Division, United States Public Health Service; the prorated cost of the General Inspection Service; the cost of antimalarial work in certain localities; the furnishing of books and magazines; the payment of rentals on non-Government-owned properties; the cost of purveying supplies issued to stock, etc.
[10] These items largely dependent upon progress made in carrying out dispensary program.
[11] For 1923 included under United States Public Health Service cost of hospitalization.
[12] With the exception of equipping, installing, and supplying dispensaries, all these items included under United States Veterans' Bureau administrative expenses.
[13] This figure for 1922 includes $557,213 not included in any previous estimates for salaries due to medical personnel in dispensaries established in 1922.
[14] This figure includes $80,584 not included in any previous estimate for rental space to be obtained in 1922.

The CHAIRMAN. How much of the $25,000,000 that we gave you in the last deficiency bill and the $32,000,000 which we gave you in the regular annual bill have you expended?

Mr. BREINING. $24,800,000.

The CHAIRMAN. What are the obligations?

Mr. BREINING. The obligations are problematical. I should say twelve to fifteen million dollars.

The CHAIRMAN. The cash balance means that you have that much in the Treasury?

Mr. BREINING. Yes, sir.

The CHAIRMAN. How much have you on deposit with these institutions where you are having your patients cared for?

Mr. BREINING. How much have we allotted?

Col. FORBES. You mean to the Public Health Service?

The CHAIRMAN. You have cash balances in the allotments; how much have they rendered against them?

Mr. ROUTSONG. Take the Public Health Service, for example; the allotments we have made to the Public Health Service do not come up to their encumbrances according to their statement to us up to this time, and in order to take care of this quarter, that is, January, February, and March, it will be necessary to allot $9,000,000 more to them to carry them through the quarter.

The CHAIRMAN. Out of the $24,000,000 you have on hand?

Mr. ROUTSONG. Yes, sir.

The CHAIRMAN. That will leave you $15,000,000, in effect?

Mr. ROUTSONG. Yes, sir.

Mr. BREINING. We have outstanding bills against that.

The CHAIRMAN. What do they consist of?

Mr. BREINING. Contract hospital bills, medical services, fee examinations.

The CHAIRMAN. This $9,000,000 is for what period?

Mr. BREINING. That will carry us up to March 31.

The CHAIRMAN. That would be at the rate of about $12,000,000 a month?

Mr. BREINING. No; the figure I gave you is up to last month, $24,800,000. That leaves $15,000,000. We spent $6,600,000 last month.

The CHAIRMAN. You have $24,000,000 on hand now?

Mr. BREINING. Yes, sir.

The CHAIRMAN. And you propose to allot $9,000,000 out of that which will meet your obligations up to the 31st of March?

Mr. BREINING. Only for the Public Health Service.

Col. FORBES. We must also allot to the Army and Navy.

The CHAIRMAN. How much do you allot to them?

Mr. BREINING. We have to allot enough to carry them to the 31st of March.

The CHAIRMAN. So you have only three activities to provide for?

Mr. BREINING. Yes, sir.

The CHAIRMAN. You begin the three months with $15,000,000, having already provided for the Public Health Service, the Army and Navy, and the Home for Disabled Volunteer Soldiers, and you add $20,000,000 to that. That gives you $35,000,000 from the 31st of March?

Mr. BREINING. From the $35,000,000 I have to take $10,000,000 encumbrances and for two months $6,000,000 for administrative expenses, drugs, physical examinations and direct treatment from our own bureau, $6,500,000 from the 1st of April.

The CHAIRMAN. You have $19,000,000 left, according to that, for the three months?

Mr. BREINING. $6,500,000; that would be $19,500,000.

COST OF MEDICAL EXAMINATIONS.

The CHAIRMAN. What about the cost for these medical examinations?

Mr. BREINING. They have been reduced because the director has inaugurated a policy that wherever possible to make our own examinations. I think we stated the amount paid out for examinations.

The CHAIRMAN. What is the highest rate?

Mr. BREINING. Five dollars for ordinary physical examination.

Col. FORBES. It runs up, I have seen, to $50.

Mr. BREINING. That is the standard price. For anything over $5 there has to be a special reason such as a special examination made by a specialist in mental and nervous diseases.

COST OF DENTAL WORK.

The CHAIRMAN. What about the cost of dental work?

Col. FORBES. We have new regulations on that; we have reduced that.

The CHAIRMAN. Can anybody get dental work if he wants it?

Col. FORBES. Yes, sir; practically.

The CHAIRMAN. Why is that? Is all he has to do to say he wants to have it done?

Col. FORBES. Practically; yes, sir.

The CHAIRMAN. You have no discretion in it?

Col. FORBES. Men are entitled to dental treatment under the Sweet bill even though they have a disability of less than 10 per cent. Heretofore, a man must have had a disability of 10 per cent or greater.

Mr. WOOD. Some of those cases run up to $100 or more?

Col. FORBES. $350 and $400.

Mr. WOOD. In the Public Health Service their maximum is $45.

Col. FORBES. The Public Health Service?

Mr. WOOD. Yes, sir.

Col. FORBES. For dental work?

Mr. WOOD. Yes, sir.

Col. FORBES. This was under the Public Health Service.

Mr. WOOD. There is a minimum of about $10, and a maximum of about $45.

Col. FORBES. That may be true in some cases.

Mr. WOOD. That was the maximum.

Mr. ROUTSONG. I think they gave you the average figure, which is around $47. I have personally seen many of the bills from the designated examiners or contract dentists, and they run up as high as $300.

Mr. WOOD. Under their scheme of treatment they have attempted to relieve the situation of a lot of these cases coming in where the dentist could do any amount of work that he wanted.

Col. FORBES. I would like to say that the change in that program was made by the Veterans' Bureau. We have a dental schedule as to what a man can charge for his work, and we have also dental treatment defined so that any man can not get all of the dental work that he wants unless clearly entitled to same under the law.

The CHAIRMAN. Who decides that?

Col. FORBES. The Medical Division.

The CHAIRMAN. Do you have some board to pass on how far the dentist can go?

Col. FORBES. Yes, sir.

The CHAIRMAN. And they must confine themselves within the limits of that authority?

Col. FORBES. Yes, sir.

The CHAIRMAN. Let us go back, if we can, to this proposition of the $24,000,000, from which you take $9,000,000 to carry you up to the 31st of March, leaving $15,000,000. Then, you ask for $20,000,000 more?

Col. FORBES. We have $10,000,000 obligated.

Mr. BREINING. I figure that we paid out $12,000,000 after the 1st of July last year. It is purely an estimate.

The CHAIRMAN. What is it obligated for?

Mr. BREINING. Mostly for contract hospitals. When they present their bills—they are supposed to send their bills every month. Of course, if they do not present the bills we do not go out after them.

The CHAIRMAN. Can you tell us how many patients you have in the contract hospitals that are not paid for?

Mr. BREINING. I could, of course, by going all over the country.

The CHAIRMAN. Do you not know where they are?

Mr. BREINING. We know where the patients are, but we would have to go out and check up the records to see what was the charge in each individual case. We check that up when the bill comes in.

The CHAIRMAN. What is this $6,000,000?

ADMINISTRATIVE EXPENSES FOR FEBRUARY AND MARCH.

Mr. BREINING. The $6,000,000 is for administrative expenses during February and March. That is to carry us up to the 1st of April.

The CHAIRMAN. What period?

Mr. BREINING. From January 31, but I gave you the $24,000,000 as unobligated.

The CHAIRMAN. The $6,000,000 came out of the hospitals, purely for hospital service?

Mr. BREINING. Yes, sir.

The CHAIRMAN. You have already paid your obligations up to the present time for administrative purposes?

Mr. BREINING. The figure that I gave you was up to January 31.

The CHAIRMAN. You figure that it will cost $6,000,000 from January 31 to March 31?

Mr. BREINING. Yes, sir; or $3,000,000 per month.

The CHAIRMAN. Is it possible to reduce this overhead in any way?

Col. FORBES. Yes, sir; it is, and we are reducing it. As I told you this morning, this committee that I sent out in the field has as its principal function the reduction of the cost of operation.

The CHAIRMAN. When do they have to report back?

Col. FORBES. They have just finished at Boston, and are in New York now. They will come back this way, or I will have them come back this way. I gave them a questionnaire to take with them covering all of the subjects that they were able to check up on and correct, if they found a wrong to exist. They will bring that data back to us, and they will meet with our board here in the central office.

The CHAIRMAN. Do these men in the district offices have authority to use these funds indiscriminately in employing services?

Col. FORBES. No, sir; they must obtain authority from central office before putting people on the pay roll.

The CHAIRMAN. How do you know whether their recommendations are justified or not?

Col. FORBES. Most of the men they ask for are taken from the civil-service lists, and the volume of work is checked against their requisitions for personnel.

The CHAIRMAN. Is there any disposition to increase the number of those people?

Col. FORBES. If such occurs, it is remedied by me.

INCREASE IN SALARIES.

The CHAIRMAN. Have there been any increases of compensation granted out of the lump-sum appropriation to employees in the service?

Col. FORBES. I do not quite understand you?

The CHAIRMAN. Have you increased the salary of anybody?

Col. FORBES. Yes, sir; we have increased some salaries.

The CHAIRMAN. Why did you do that?

Col. FORBES. On the recommendation of the district managers and chiefs of divisions.

The CHAIRMAN. But we do not allow anybody to do that anywhere else, and why should you do it?

Col. FORBES. As I said, the district managers make recommendations that certain salaries be increased, and occasionally we grant the increases.

The CHAIRMAN. We have an inflexible rule in this committee that no increases in salary shall be allowed out of lump-sum appropriations. We have not allowed any statutory salaries to be increased, and this seems to be the only place where that practice has gone on.

Mr. BREINING. Most of those increases are where men have been assigned to higher positions. Of course, there have been promotions in positions and should have corresponding increase in pay commensurate with added responsibilities.

The CHAIRMAN. If it only applies to cases where men are transferred from lower to higher places, where there is a vacancy, there can be no objection to it, of course, but if the higher places are created just for the purpose of paying higher salaries, that is another proposition.

Col. FORBES. It is not the rule of the bureau, nor will it be, to create jobs for the purpose of increasing salaries. The rule of the

bureau is to reduce the cost of operation to the limit and do away with positions rather than increase them.

The CHAIRMAN. We have adopted a uniform rule here to be followed by every department of the Government, and that rule is to allow no increases under any circumstances. That applies to statutory positions, and, of course, where lump-sum appropriations are made we want the same rule applied to them.

Col. FORBES. We do exactly what Congress directs us to do in that regard.

The CHAIRMAN. I suppose the way to do it is to tie it up by restrictions so that you can not grant increases. We can tie it up with limitations and fix you up in that way.

Mr. BREINING. There is one thing that must be considered in that connection, and that is that in opening up the district offices and sending to them compensation claims in the field, positions must necessarily be created. That is something we did not have before, because we had one claims division here. It was not necessary then to have 14 different claims divisions out there in the field. It is necessary now to have claim examiners, and we put a heavy responsibility upon them. Of course, we must increase the salaries commensurate with the increased responsibilities. As a matter of fact, the salaries being paid now are ridiculously low as compared with what is paid by outside institutions for the some or similar work.

The CHAIRMAN. I do not quite agree with that. Of course, that is always the argument.

INCREASED PERSONNEL.

Mr. WOOD. How much have you increased the personnel by reason of this reorganization?

Col. FORBES. Our greatest increase has been in the rehabilitation division or for vocational training purposes.

Mr. WOOD. You got down to less than 5,000 at one time.

Mr. BREINING. No, sir; that was the old Bureau of War Risk Insurance.

Mr. WOOD. Somebody told me that you were up to about 23,000 now?

Mr. BREINING. No, sir.

The CHAIRMAN. It is 18,500 now.

Mr. ROUTSONG. That is all over the country.

The CHAIRMAN. They have 5,097 here. They claim in their testimony that they took over 6,000 from the old Bureau of War Risk and Public Health Service and about 1,000 from the Vocational Training Board. If you add them to the number that they had, it would make 7,097, and they have reduced to 5,097, including those that were added. They have 13,500 people in the district and suboffices.

Col. FORBES. Decentralization has increased the force very materially.

RENTS.

The CHAIRMAN. There is a great deal of complaint about the exorbitant rents that you are paying at the division headquarters.

Col. FORBES. In reply to that, I will say that we are occupying to-day about 200,000 additional square feet of space, and we are doing that without any material increase in the rent. We have reduced rents.

Decentralization required us to have more space to take care of the files that we were shipping out to the district offices the personnel required.

The CHAIRMAN. For example, take the Chicago office, where you are paying an extravagant rent. Why could you not go out from the center of the city and rent space in less expensive quarters than you occupy there?

Col. FORBES. We are paying $2.87 per square foot there.

The CHAIRMAN. You can rent space for much less than that if you go outside of the Loop.

Col. FORBES. We make it a practice not to pay more than $1 per square foot, but in the larger cities we are having a great deal of difficulty. We are having difficulty in New York, Chicago, and Boston, but we are getting the rents down and are cancelling contracts just as fast as we can find locations. We have changed the Philadelphia situation, and get space there for less than $1 per square foot.

The CHAIRMAN. You have reduced the rent in Philadelphia?

Col. FORBES. Yes, sir.

The CHAIRMAN. It would not seem to me that it would make any difference whether you were 3 miles away from the business center or in the business center, so far as your business is concerned, because you do not have to hunt for business.

Col. FORBES. I wonder if you understand how the Veterans' Bureau is sought after by local and State organizations, individuals, and Members of Congress when we start to make a change in our locations.

The CHAIRMAN. I do not pretend to understand that.

Col. FORBES. That is exactly what is done. We try to hold the rents down.

The CHAIRMAN. I would not care what any Member of Congress urged, but if I were in your place, when I came to the expenditure of public money, I would spend it to the advantage of the Treasury and the taxpayers. We are supposed to be here representing the taxpayers, and let us visualize that for a minute: We are spending money that is paid in part by the street sweeper. He may not pay it in direct taxation, but he pays it in the cost of living. The money is contributed by men who dig sewers, who lay brick, by men who follow the plow and work on the farm from before sunrise until after sunset. We are spending, for example, the money of the man who has five or six children, and who loses every rainy hour of every rainy day during all of his existence. Then when he gets to be 45 years of age, he has passed the peak of his earning power, and if he is employed at all he is employed at an ever-lowering scale of wages from that time on.

He may have five or six or seven or eight children, but there is no chance in the world for him to get on anybody's pension roll. He is done for when his powers of physical endurance cease. However, he is raising a family and paying the high cost of living. We are doing a work of love for those men who gave themselves to the country, and we are proud to be able to do it. There is nobody any more enthusiastic about doing it than I am, and I do not believe that there is any man living—I do not care who he is, whether a Senator or a Member of the House or whether he is President of the United

States—I do not believe that any man has any right, under any conditions or circumstances, to dissipate 5 cents of the money that we are appropriating for any purpose except the direct purpose for which the money is appropriated. I would take any chances on that, and I would quit any job, I do not care how powerful or influential it might be, if, in order to hold it, I had to do things that you say you are forced to do.

Col. FORBES. I am not forced to do it, and I take exception with you there.

The CHAIRMAN. You said that.

Col. FORBES. I said that the influence was brought to bear.

The CHAIRMAN. That is being forced, is it not?

Col. FORBES. It is not being forced, because I will not be forced.

The CHAIRMAN. Then, of course, if you are not being forced you ought not to make that statement, charging Members of Congress——

Col. FORBES (interposing). I did not charge Members of Congress with deliberately coming down and sandbagging me, but I say that Members of Congress have no hesitancy in coming to me about matters having to do with rentals or anything else pertaining to the duties of the bureau as well as much outside influence brought to bear. I simply brought this to your attention so you could appreciate our position.

The CHAIRMAN. After all, you say that they do not force you. You are not being forced, and, of course, the responsibility is directly upon you. As long as you are not influenced by what they say, you must bear the responsibility for any excessive costs. Now, we have got to think about these things, and we have got to think about the class of people that I have just tried to describe. We have to direct our work upon the basis of their hopes, their fears, their ambitions, and their disappointments. Let us think about them. They do not go on anybody's pension roll, and they are patriotic people.

They are bringing up families, and those families will have to assume the responsibilities and obligations of citizenship. In the meantime they are struggling for existence. Sometimes I have seen them without anything but a kerosene lamp to warm the little quarters in which they are housed. We are living in palatial quarters here, but we should never cease to think about them. Let us forget these luxuries that we are enjoying and think about them. Let us spend this money according to the standards that we would gauge it by if we had to make the sacrifices that they are making. I do not know that there is anything further I want to say, but that is my feeling about it.

Col. FORBES. I appreciate very keenly, Mr. Chairman, the exact conditions you have so ably recited. I know the pinch of hardships and have passed through deprivations myself. One of the greatest rewards to be derived from the work of the Veterans' Bureau is that it bestows benefits to just such a worthy class of people as you have indicated. I pledge you that I will do all within my power to safeguard the taxpayers of this Republic by not spending a penny other than is absolutely necessary.

The CHAIRMAN. We realize that the law is wide open; but at the same time the thing to do is not to spend a dollar for anybody or anything that you can get for 50 cents.

THURSDAY, FEBRUARY 16, 1922.

UNITED STATES SHIPPING BOARD AND EMERGENCY FLEET CORPORATION.

STATEMENTS OF MR. A. J. FREY, VICE PRESIDENT IN CHARGE OF OPERATIONS, AND COMMANDER R. D. GATEWOOD, DIRECTOR OF CONSTRUCTION AND REPAIRS.

ADDITIONAL APPROPRIATION NEEDED FOR COMPLETION OF VESSELS.

The CHAIRMAN. I wish you would sit down and give us the details of the estimate for $12,000,000 and explain why you think this request is justified. Do it in your own way for the time being, and we will let you run along until we think you have stepped over the line of reason, and then we will commence to ask you questions.

Commander GATEWOOD. I have a written statement here which I tried to boil down and make as short as I possibly could, in order to save the committee's time. I will just read this statement, and I think it will explain the situation.

The estimate of $69,000,000 to complete construction from April 1 last, which was given to the Appropriations Committee in the hearings dated April 10, 1921, was confined solely to contemplated expenditures of the construction division only and did not cover any expenditures from construction funds to be made from any other source than this division.

The CHAIRMAN. Suppose you explain that. I can not get the $69,000,000 through my head. I do not quite understand that. Let me tell you what I understood, before breaking the promise I made that we would not interrupt you. My understanding is that you had 19 ships in course of construction; that $29,000,000 would be required, according to your estimates made at that time, to complete those ships; that $25,000,000 of that $29,000,000 has been appropriated, and I think we expressed the hope then that, on account of the lowering prices of labor and material—and I think you joined us in the expression of that hope—you would not have to come back for the $4,000,000, but that $25,000,000 would complete the job. Now, you are coming back for $12,000,000, notwithstanding the lower prices of labor and material since the $25,000,000 was appropriated.

Commander GATEWOOD. That is an absolutely correct understanding.

The CHAIRMAN. Then I do not quite understand your reference to an estimate of $69,000,000.

Commander GATEWOOD. I am going back to April 1, 1921, and not to the July hearings. I am going back to the original estimates. That estimate was composed of construction division expenditures only and did not relate to anything else.

The deficit of $12,000,000 is partly apparent and partly real, for the following reason: In our original estimate of $69,000,000 we included certain credits—or the April 1 estimate of $69,000,000 was made up on the assumption that there would be available in cash through refunds and payments by contractors the sum of approximately $7,000,000. The original estimate of these credits as given by the

districts total about $11,000,000, but the figures were arbitrarily cut to $7,000,000 in submitting the estimates, as this was considered more nearly a proper estimate of the probable actual cash recovery. Our total estimate to complete was therefore reduced by this $7,000,000 credit item. The law prohibits us from having those credits turned back for the payment of construction bills.

The CHAIRMAN. After June 30 next.

Commander GATEWOOD. The act of March 4, 1921, prohibits us from taking these construction credits and using them for construction funds, and we did not know about that at the time of the April hearings. It also developed that the financial condition of some of the contractors will make cash recoveries very uncertain.

In making the estimate as of October 1 it now appears extremely doubtful if any cash recovery will be available for construction purposes, for the reason that the major portion of any credits that may be received will fall within the provisions of the congressional act of March 4, 1921, which prohibits the use of certain moneys for construction purposes. It also develops that the financial condition of some of the contractors will make a cash recovery, even though it could be used for construction purposes, very uncertain, and if it were recovered it would be at such a late date as not to make it available for use in paying bills for the construction program. Therefore, in making up the October 1 estimate it seems imperative to include the $7,000,000 credit item as being now not available.

The CHAIRMAN. What do you mean by construction credits? Does that mean that you do construction work for some other people?

Commander GATEWOOD. I have a note here in regard to some of the credits in the settlement of construction contracts. This note shows the nature of the credits:

1. Under the adjustment contract with submarine boat, it was estimated that the Emergency Fleet Corporation would obtain a cash refund of two or three million dollars through the sale of material, plant, rentals, etc.

2. Under the adjustment contract with the Terry Shipbuilding Co., it was estimated that the Fleet Corporation would receive through the sale of ships approximately $5,625,000, which we could use for construction purposes. This is really an adjustment of a ship contract whereby after certain allowances had been made for cancellation, etc., vessels under construction were sold to the Terry Co.

3. The balance of the credits consisted of overadvances and overpayments to contractors, wood-ship contractors, etc., which we thought on April 1 would be available.

Some of this will be recovered, but how much we can not foresee. The amount of those credits was originally estimated at $11,000,000, but, as I have said, that estimate was reduced to $7,000,000.

Item of $8,600,000 expenditures charged against construction from other departments.—This item consists of the payment of the overhead and administrative expenses of other departments, and also for the payment of cancellation claims (until August) and other miscellaneous items other than actual ship construction from construction funds. As the construction division estimates were based on expenditures for this division alone, we, of course, did not take into consideration, in making up the April 1 estimate, any expenditures from construction from construction funds. As the construction division estimates have any means or knowledge of estimating any other expenditures. The items making up this total are apparently properly chargeable to construction, and should have been added to the estimates of this department by the former comptroller's department in submitting the estimates, and because this was

not done there is now a deficit in the total funds needed to complete construction.

The present estimate, from which the $12,000,000 deficit is arrived at, is built up as follows:

Estimate to complete by construction division	$34,990,000
Overhead of other departments	5,757,827
Total	40,747,827
Cash on hand	17,000,000
Total	23,747,827
Navy payments, approximately	10,400,000
Total	13,347,827
Less overhead material sales section	1,300,000
Net amount needed	12,047,827

NOTE.—The above estimate of $34,990,000 corresponds to an increase of about $4,000,000 over the estimate submitted as of April 1, and this discrepancy is again due to the lack of accurate figures obtainable in the comptroller's department as to the difference between vouchers passed by this division and vouchers actually paid by the comptroller's department at the time of making the April 1 estimate.

The CHAIRMAN. What I do not get through my head is what this has to do with the building program or the completion of the 19 ships. I think it was the definite understanding of every member of this committee that you had a program for building that would cost $29,000,000.

Commander GATEWOOD. Yes, sir; but in which we allowed for a credit of $7,000,000 that we will not get.

The CHAIRMAN. There was nothing said to us about that, so far as I recall.

Mr. BYRNS. I do not recall it, and I do not understand just what you mean by saying that you will not get it, unless you have in mind that it will not be collected.

Commander GATEWOOD. That is just about the size of it.

Mr. BYRNS. The act to which you referred covered all receipts into the Treasury except from operations from June 30 of last year, as I understand it, and the general appropriation act for this year provided that $55,000,000 might be used for various purposes.

Commander GATEWOOD. We had $25,000,000 of that expressly for construction. Our estimate of $29,000,000 that Mr. Madden asked an explanation of was based upon obtaining certain credits which we are not now going to get. If they are collected, under the present provision of law, they will not be available for paying our present construction bills. Whatever is collected the Government will get, but it will not come back as a credit to the construction fund as such credits formerly did prior to the act of March 4, 1921.

Mr. BYRNS. That will delay the completion of the ships?

Commander GATEWOOD. It will delay the payment for them if they have to wait to get these funds in.

Mr. BYRNS. But it would not delay the delivery of the ships?

Commander GATEWOOD. The ships are practically completed. There are only two more to complete, and one of them will be delivered in 10 days and the other in two months. A very large proportion of this money is to be used on ships that have already been completed. It will be used in the settlement of the contracts. In the

hearings last July of which the chairman speaks we estimated out of $29,000,000 that $10,000,000 was for what we call deferred payments on contracts already completed. That was only an estimate, and it could not have been anything but a very approximate one at that.

The CHAIRMAN. While there may not have been a very definite understanding, I had information supplied to me from what I considered a fairly reliable source that you would not need any money, or not to exceed $4,000,000, in any event. Now, if you used $8,000,000 of the money that was allowed you for construction purposes for overhead charges, that makes a different situation.

Mr. BYRNS. I received the same impression that you did, Mr. Chairman—that is, that $29,000,000 was all that was necessary to complete the ships. Congress appropriated $25,000,000 of that amount with the hope that you would not have to come back at all for the extra $4,000,000 because of the reduction in the cost of material and labor.

Commander GATEWOOD. We would not have come back had it not been that certain credits that we estimated as probable receipts are not going to be received and——

Mr. SISSON. Did the committee know that at the time, or is there anything in the hearings showing that you anticipated getting funds other than the $25,000,000 appropriated?

Commander GATEWOOD. No, sir; except that we made it plain to the committee that $29,000,000 was the resultant of the original $69,000,000 estimated on April 1. It was a surprisingly accurate estimate. It was almost too accurate, because it was within 1 or 2 per cent of the correct amount.

Mr. SISSON. It was too accurate an estimate to make to Congress.

Commander GATEWOOD. It was too accurate for almost any engineering estimate of that size. Then, there is a figure that I want to make clear to the committee, because it was just a plain mistake in representing the figures in July—that is, the mistake in not adding $8,600,000 of administrative overhead, which was properly charged to construction, but not added. Only the amounts for construction purposes were reported to the committee.

Mr. SISSON. Do you mean to say that you had an overhead charge $8,600,000 in the expenditure of $25,000,000?

Commander GATEWOOD. No, sir; I mean the overhead charges under the estimate of $29,000,000.

Mr. FREY. I think we are getting the wagon before the horse. I think we explained the eight or eight and one-half million dollars——

The CHAIRMAN (interposing). Let us get a pretty clear understanding about this. Let us see what our former understanding was. It was my understanding, and I presume it was the understanding of every other member of the committee, that the proposed $29,000,000 represented the upset cost of completing the ships, including the overhead.

Commander GATEWOOD. It included the construction division overhead. That was the figure of my division, and it included the division overhead, but it did not include the administrative overhead of the other departments.

The CHAIRMAN. What other overhead expenses could there be?

Commander GATEWOOD. In the first place, there should have been added to the figures of the construction division figures that should have been furnished by the comptroller's department, which was the only department that could estimate the figures. The construction division had no knowledge of what they were at that time or what future similar payments would be made. That was for carrying on the general administrative work in connection with the completion of that large program. That figure was not added, but it should have been.

The CHAIRMAN. Does this $8,600,000 have anything to do with the contracts for the construction of the ships?

Commander GATEWOOD. Yes, sir.

The CHAIRMAN. Where does it come in? Was that a part of the overhead here in Washington?

Commander GATEWOOD. A part was overhead expense here in Washington. That is the comptroller's figure.

The CHAIRMAN. When and where was the expense of $8,600,000 incurred?

Commander GATEWOOD. Some of it was incurred prior to April 1, and some of it was incurred between April 1 and October 1. We now estimate $4,457,827 as the amount of overhead from October 1 to the completion.

Mr. SISSON. I do not understand how the appropriation of $25,000,000 is attached to this item of $8,600,000 of overhead, because the overhead expense would have to be paid anyway. Your overhead expense in any plant, or in any large construction plant, is proceeding all the time. You estimated $29,000,000 as the amount necessary to do a specific piece of work, and $25,000,000 of that amount was appropriated. I have not yet gotten it clearly in my mind just how that item of $8,600,000 can be charged to the $25,000,000.

Commander GATEWOOD. I was estimating from the point of view of the men actually doing the work, and not on the basis of the general administrative expenses involved in conducting the construction work.

Mr. SISSON. Did you pay any overhead charge out of that $25,000,000?

Commander GATEWOOD. I paid the overhead cost of the construction division only out of the $25,000,000.

The CHAIRMAN. That is all that you should have paid.

Mr. SISSON. If you are keeping books in that manner, we are lost. If that is your method of making financial statements to the committee, we are utterly lost; and I do not see how we will ever be able to tell what we are appropriating money for. To be frank with you about the matter, I am utterly at a loss to understand it.

Commander GATEWOOD. You would have to add to that figure these administrative or overhead expenses, which, I think, is a proper charge, according to the comptroller's figures.

The CHAIRMAN. What does that consist of?

Commander GATEWOOD. It consists of general administrative overhead expenses at Washington, and the overhead expenses of the board in general, incident to the completion of $69,000,000 worth of construction work.

The CHAIRMAN. What special overhead expense was incurred here in connection with this construction work?

Commander GATEWOOD. I have not those figures. Those are not my figures.

The CHAIRMAN. That has nothing to do with the building of the ships?

Commander GATEWOOD. Indirectly; yes, sir.

Mr. SISSON. You took your special overhead charge and added it to this amount here, making $8,600,000 of overhead expense?

Commander GATEWOOD. Yes, sir.

Mr. SISSON. It seems to me that your overhead charge on the expenditure of $25,000,000 for construction purposes is somewhat excessive.

The CHAIRMAN. That is 12 per cent overhead charge on doing $70,000,000 worth of work.

Mr. SISSON. You must have been putting in some new plants. I can not understand that overhead charge.

The CHAIRMAN. I am not in favor of allowing $8,600,000 on that account. Let us talk about the completion of the ships, because I do not think that overhead has anything to do with this question at all. How much will be required to complete the ships?

Commander GATEWOOD. At the present date by far the larger percentage of the money needed will be required to complete the contracts or to pay for the construction of the ships that have already been completed, because we have only two ships left to complete.

The CHAIRMAN. How much of it is due to work to be done under this last appropriation, for which you estimated the cost to be $29,000,000, and of which you have had $25,000,000?

Commander GATEWOOD. The cash balance is $17,000,000.

The CHAIRMAN. You have an item of $8,600,000 there that has nothing to do with the matter at all. If they have been spending this money for overhead or for any other other than construction purposes, they must account for that in some other way, so far as I am concerned.

Commander GATEWOOD. Our total estimate of the amount necessary to complete as of October 1 was $34,990,000. That included the Construction Division only. Then to that should be added $4,457,827 as overhead, other than the overhead of the Construction Division, to complete.

The CHAIRMAN. What does that consist of?

Commander GATEWOOD. That is similar to the $8,600,000. That is the amount that will be incurred from October 1 on until completion.

The CHAIRMAN. We will let somebody else come in and explain that at some other time. We will not consider that here. As I have said, we are only considering the question of completing these ships.

Commander GATEWOOD. I want to make it clear that this figure of $8,600,000 should certainly have been added to the purely construction estimates.

The CHAIRMAN. We were not advised of that and no one ever understood it. It might have been in the back of somebody's head, but it was not given to us. All the information we ever had was that we would probably have to appropriate $4,000,000 more, and probably we would not have to do that.

Mr. SISSON. And the cut was made with the consent of everybody in view of the possibility of a less labor cost and less material cost. Whether $4,000,000 more would be needed nobody could tell exactly, but we said we would give you $25,000,000, and if you could get through on that all right, but if not the balance would be given to complete the program.

Commander GATEWOOD. That is quite true, sir, and I understand the position of the committee, but the committee must understand that there was an error made by the former comptroller's department in not adding to the purely construction figures this other estimate.

The CHAIRMAN. I do not think that has anything to do with it at all. The construction of these ships was to cost so much money, and if the Shipping Board has any other expenses it will have to show what they are.

Commander GATEWOOD. Some of those expenses are properly chargeable to construction.

The CHAIRMAN. $8,000,000 is not properly chargeable to it.

Commander GATEWOOD. I do not know anything about that figure, but the figures given by the comptroller's department were expenditures chargeable against construction. If you exclude that figure the construction figure would be $34,990,000, and on October 1 the cash on hand was $17,000,000, leaving a balance of $17,990,000; if the Navy payments for tankers, radio equipment, etc., are not made that leaves $7,590,000.

The CHAIRMAN. If the Navy payments are not made how much would it be?

Commander GATEWOOD. It would be $17,990,000. That is merely a paper transfer of funds. The amount would be $7,590,000 if all overhead is excluded.

The CHAIRMAN. How do you make it $7,590,000 if you deduct the $8,600,000 from the $12,000,000?

Commander GATEWOOD. Here is the way I get it: The estimate for construction, again speaking purely for the Construction Division, was $34,990,000; on October 1 we had $17,000,000 of a cash balance, leaving $17,990,000. Now, if the Navy payments for tankers, radio equipment, etc. are not made——

The CHAIRMAN (interposing). What do they amount to?

Commander GATEWOOD. $10,400,000, estimated.

The CHAIRMAN. We can not assume that the Navy payments will not be made.

Commander GATEWOOD. That, again, is a matter I do not know about.

The CHAIRMAN. We can not assume they will not be made. If there is a bill against the Navy there is no reason why it should not be paid, and instead of appropriating money you would have to give us back $2,500,000, because you will be $2,500,000 to the good, according to your own figures.

Mr. SISSON. That is, if you do not pay overhead?

The CHAIRMAN. We do not pay the $8,600,000 and he is deducting $10,000,000 for the Navy payments, but we must not assume that those payments are not to be made. The Navy is going to pay its bills.

Commander GATEWOOD. We pay the Navy; that is what I mean about that; they are payments we are supposed to make to the Navy.

For example, all of the radio equipment on all of our boats was purchased from the Navy but it has not been paid for, and that is money we may have to pay the Navy.

The CHAIRMAN. I do not understand the way you make your calculations. I have my mind working in a certain groove, perhaps, along rather simple lines, and your statement rather complicates it. I will just repeat the way I have it in my mind. To begin with, you said $29,000,000 was all you needed to complete the program. We are not concerned about whatever complications may exist in your figures. What we want to know is whether $29,000,000 will complete the program which you said would be completed with that amount of money, and having had $25,000,000 of it, how much more do you need to complete the program? That is the point I want to get at, and that is a simplified way of putting it. We do not go back to $70,000,000, $69,000,000, or $34,000,000. We go back to the $29,000,000.

Commander GATEWOOD. Let me see whether I can explain it to you. The $29,000,000 is short by the amount of $7,000,000 of expected credits, how much of which we are going to get we do not know, but whatever we get will probably go into the General Treasury and not be credited against construction, and we would not get whatever we do get for a long time.

The CHAIRMAN. You presented this case of $29,000,000 to complete your shipbuilding program; you did not state anything about expected credits; you simply stated that $29,000,000 would be required to complete a certain program, and we gave you $25,000,000.

Commander GATEWOOD. And up to that time we had always been getting credits through the entire program; that is, from 1917.

The CHAIRMAN. And you are still getting credits. The Shipping Board is collecting under the $55,000,000 authorization and will be collecting under that authorization until the 30th of next June, and whatever they collect of the $55,000,000 between now and the 30th of June will be available, so that the $7,000,000 could be included in the collection and paid out of those collections for the purpose you indicate?

Commander GATEWOOD. If we get it.

The CHAIRMAN. But they are getting it. They have over $25,000,000 that I know of, and it can not be said here they are not getting it; they are getting it and will get it. It is true, however, that they have not gotten all of the $55,000,000.

Commander GATEWOOD. Again, I am speaking about the comptroller's statement as to the amount recoverable——

The CHAIRMAN (interposing). It happens that we have been making some investigations about what they get, and we are not entirely in the dark about it.

Commander GATEWOOD. I am taking the comptroller's statement that it is not available for construction.

The CHAIRMAN. It may not be available under the orders of the Shipping Board, but there is no question about the Shipping Board having collected money. I know they have collected more than $7,500,000; I know they have collected more than twice $7,500,000, and I think three times $7,500,000, and out of what they have collected they must pay this $7,500,000. You may have had something

special in your minds, but the Shipping Board had authority to collect $55,000,000, and that $55,000,000 was to be utilized in any way the board thought proper. I know they have not collected the entire $55,000,000 but they are still collecting, have collected, and will collect a lot more between now and the 30th of June, so that everything we give you on top of what you received to complete your $29,000,000 program is just adding that much more to the funds of the Shipping Board, which we do not propose to do: we have given them all we propose to give them.

Commander GATEWOOD. How much of that we are now getting in is properly creditable to pure construction I do not know, sir.

The CHAIRMAN. That is a matter of administration.

Mr. BYRNS. It is subject to use for that purpose.

The CHAIRMAN. It is a matter of administration, and if we give you $7,500,000 we will just add that much more to the appropriations we have already given to the Shipping Board.

Mr. SISSON. They have from now until the 1st of July to collect the balance of the $55,000,000 uncollected; they may or may not get that, of course, but it is the duty of the Shipping Board to dispose of that money in the way they can best use it.

The CHAIRMAN. I recommend to the Shipping Board that they come in with a frank statement of the situation and not try to get money by indirect methods.

Commander GATEWOOD. You understand my position, sir? From the time construction started until we made our estimates of $69,000,000 and then up to the time we made our estimate of $29,000,000 we were getting certain credits properly chargeable to construction funds. Maybe I can make it clear if I put it this way——

The CHAIRMAN (interposing). They were giving you a part of the money as they were collecting it for the payment of your obligations.

Commander GATEWOOD. A part of the money which was collected and which had been obtained and expended out of construction funds. Let us suppose, for example, that some of the credits in this $55,000,000 were from housing projects.

The CHAIRMAN. It is money obtained from the sale of ships, and they can use the money no matter from what source they get it.

Commander GATEWOOD. That is an administrative matter. In these estimates we are only crediting back to construction what has been spent right out of construction.

Mr. BYRNS. The law reads this way:

For administrative purposes, the payment of claims arising from the cancellation of contracts, damage charges and miscellaneous adjustments, maintenance and operation of vessels, the completion of vessels now under construction, and for carrying out the provisions of the act entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes," approved June 5, 1920, shall be paid from the following sources: (a) The amount on hand July 1, 1921; (b) the amount received during the fiscal year 1922 from the operation of ships, and (c) not to exceed $55,000,000 from deferred payments on ships sold prior to the approval of this act, from plant and material sold during the fiscal year 1922, and from ships sold during the fiscal year 1922.

So it is clearly applicable to the construction of ships.

Mr. SISSON. Then, there is this other proposition involved: You made an estimate of $29,000,000; we thought we might be able, with a falling market, to get the work done for $25,000,000. What has that work cost us as compared to what we thought it would cost when the estimate of $29,000,000 was made—that is, did it cost more or less or about the figure you had in your mind when you made the $29,000,000 estimate?

Commander GATEWOOD. It has cost us very close to that figure, sir. I see what you have in mind and I will quote this paragraph from the memorandum I have here. There was a cash balance on October 1 of $17,000,000; if we had not had to take into account——

Mr. SISSON (interposing). Let us eliminate that for the purpose of getting clear in my own mind whether or not the work, since the $25,000,000 appropriation was made, has cost you more or less than that. You know we anticipated that there might be a little reduction in the labor and material cost and that we might in that way be able to save $4,000,000, when the then price would indicate $29,000,000.

Commander GATEWOOD. It looks like that estimate was short about $2,300,000; in other words, we just about split the $4,000,000 that was given us.

The CHAIRMAN. Then you have saved $2,000,000?

Commander GATEWOOD. Yes, sir.

The CHAIRMAN. Then you ought not to need any more than $2,000,000.

Mr. SISSON. Then if Congress should carry out what was in our minds and what was in the minds of the Shipping Board at the time the $25,000,000 appropriation was made, we now having saved about $2,000,000, Congress should give you, in order to carry out what was then the understanding, about $2,000,000 to finish this work.

Commander GATEWOOD. That would be all right if——

Mr. SISSON (interposing). Let us not get this mixed up with anything else. In other words, if our calculations at that time were correct the $2,000,000 would do the job, because you have saved something like $2,000,000.

Commander GATEWOOD. That is about right.

Mr. SISSON. Now, these other matters that Congress knew nothing about—these credits you speak of as expecting to get in—are entirely different matters.

The CHAIRMAN. But even then they would still have money enough to pay those obligations.

Mr. SISSON. If the Shipping Board itself decides to use the funds which they have collected as the act provides they may be used then you do not need but $2,000,000.

The CHAIRMAN. And that is the way everybody understood it would be used and that is what it must be used for as far as I am concerned.

Mr. SISSON. In other words, we have gotten the proposition down to the point that we have now saved about $2,000,000 and if Congress appropriates $2,000,000—the exact figure can be arrived at—then Congress will keep faith with the Shipping Board; we would

give them the $2,000,000 they should have, and it would be up to the Shipping Board to use these other credits as they desired and for the purpose of paying these debts and obligations. That is a matter of administration and is not a matter for which we should appropriate.

The CHAIRMAN. Anything we add to the $2,000,000 will be adding that much more to the $55,000,000, and as long as they have the $55,000,000, or any part of it, they must use it as provided in the law. Have you anything more to say about this under those circumstances?

Commander GATEWOOD. No, sir; I am not here to justify the comptroller's use of any overhead moneys; I am merely justifying the construction estimates, which are, as I said before, surprisingly accurate. I want the committee to understand that it was misinformed last July by not having had added to the purely construction figures an amount that was properly chargeable against construction to carry on the general administrative work in finishing that program. You should have had that figure, but it was not added, and to that extent the figures are short. To the extent that I overestimated the credits I am short, and I am not avoiding responsibility for that, but I still think some of those credits are coming in.

The CHAIRMAN. Up to the 30th of next June they can pay anything they want to pay for construction out of any money they collect under the $55,000,000 authorization.

Commander GATEWOOD. But what I am trying to present is that some of these things may not come in before the 30th of next June. For example, we should get something out of the Submarine Boat Co. claims, but we will not get anything by the 30th of next June, because those claims will be long-winded legal affairs, and to that extent we have overestimated the credits; but you should have had another figure; whether that figure ought to be $8,600,000 I do not know, but you should have had a figure in addition to my estimate for general overhead.

Mr. SISSON. I presume you do not know now whether the saving we have mentioned is more or less than $2,000,000, and I would suggest that you put in the record at this point exactly what the figure may be.

Commander GATEWOOD. I will try to get that for you if I can get the accurate figures from the comptroller's department.

The CHAIRMAN. But it is about $2,000,000?

Commander GATEWOOD. It looks to be about that amount now.

You will remember that in that $25,000,000 we estimated about $10,000,000 for deferred payments, and that was only an estimate; that was the best we could possibly do, because no one could say whether it was $10,000,000, $12,000,000, or $14,000,000, and that was the figure that was the least accurate of all the figures I gave. A great deal of the money we now have to pay is for ships that have already been constructed—that is, the money necessary for the settlement of those contracts, a great deal of it—because we have only a relatively small amount of shipbuilding to complete.

Mr. BYRNS. As I understand, you did estimate in this $29,000,000 the actual overhead charges for purely construction work?

Commander GATEWOOD. Yes; they are in luded in that—I mean for my division.

Mr. BYRNS. Your construction division?

Commander GATEWOOD. Yes; but not for the comptroller's division—that is, the administrative overhead expenses of the offices here in Washington and field.

Mr. SISSON. For which you are in no way responsible and can not be responsible from the very nature of things, any more than we would be responsible unless we would be told about it.

FEBRUARY 17, 1922.

DEPARTMENT OF AGRICULTURE.

BUREAU OF PLANT INDUSTRY.

STATEMENT OF DR. WM. A. TAYLOR, CHIEF, BUREAU OF PLANT INDUSTRY.

ERADICATION OF THE WHITE PINE BLISTER RUST.

DESCRIPTION OF WHITE PINE BLISTER RUST.

Mr. ANDERSON. Dr. Taylor, tell us about this item.

Dr. TAYLOR. This item, which is a deficiency item of $150,000, is made necessary by the discovery of the white pine blister rust in the Pacific Northwest during the past autumn. The disease is one which reached the New England States from Europe some 10 years ago and which is destructive to the white pine of the East and to the five-needled pines of the West, which are variously known as white pines when they reach the stage of lumber.

The disease is destructive to the tree, as you will notice in the pictures on these posters, which were prepared for use in the Eastern States, entering through the leaves, passing from the leaves to the small twigs and working back gradually until it reaches the trunk of the tree, which it girdles, resulting in the death of that which is above and ultimately in the breaking down of the top. The length of time to cause destruction after the infection of the tree naturally varies with the age of the tree and the distance of the point of infection from the trunk.

In the case of trees that are 50 years old and that become infected out on the limbs the probabilities are that the infection will not seriously damage the tree before it is ready for cutting and harvesting as timber. In the case of young trees the death is very quick, so that the reproduction of the forest is prevented. In the case of trees of the age of 20 or 30 years serious damage is likely to occur within 10 years after infection and the timber value of the tree, therefore, is destroyed before it is big enough to harvest for timber.

REMEDY FOR DESTROYING DISEASE.

The work on the disease, under the conditions that prevail in the States from New York east, has proceeded for several years in the direction of developing a practical working method of controlling the disease. That control is made possible by the fact that the

disease can not spread from one pine tree to another pine tree except by way of the foliage of currants or gooseberries, upon which the spores from the pine tree lodge. There they germinate and penetrate and then spread from gooseberry or currant to gooseberry or currant, and from those back to the pine. If this bridge which the currant and gooseberry bushes form between the pine trees is removed the pine trees are safe. Such removal, it has been determined through observation and experiments, involves the cleaning out of the currant and gooseberry bushes for distances of 600 to 900 feet outside of the outermost pine trees in a particular forest.

The CHAIRMAN. Surrounding a forest?

Dr. TAYLOR. Yes, sir. There must be a noncurrant and nongooseberry zone of from 600 to 900 feet around the forest.

We have felt that the method of controlling the disease under eastern conditions and, therefore, of maintaining our future supply of white pine, has been sufficiently worked out to make it plain that that supply can be protected for the future.

The CHAIRMAN. Do you have any trouble in getting cooperation on the part of the States?

Dr. TAYLOR. It is chiefly a question of education and of the psychological condition of the timber owners which makes them receptive; in other words, it is chiefly a question of how highly they value the pine. In the New England States, where white pine is now recognized as a crop just as much as corn, although it takes from 40 to 60 years to grow it to the point of harvesting, the local individual and municipal interest is very keen, and it is becoming increasingly so. In sections where the original forests are still being harvested and where no planting of forests is done there is little interest in any such thing until the disease reaches the stage that it is destructive enough to be convincing and alarming.

This much which I have said relates not to the deficiency item but to the general program of work.

INFECTION IN NORTHWESTERN STATES.

Mr. ANDERSON. And what you have just said refers entirely to the infestations in the Eastern States?

Dr. TAYLOR. Yes, sir; from Minnesota eastward and chiefly east of Lake Michigan.

Mr. ANDERSON. Where it is a problem of controlling the spread of the disease?

Dr. TAYLOR. Where it is a question of a progressive, systematic clearing out of the currants and gooseberries and controlling the disease, for the disease is present in practically all of that area.

In September last the disease for the first time was discovered west of Minnesota and the corresponding portions of Canada. It was discovered in British Columbia near Puget Sound, in the vicinity, I believe, of the city of Vancouver. That immediately caused careful scouting in the Puget Sound territory of the State of Washington, and prior to the setting in of winter infection had been found in four localities in the State of Washington, all near Puget Sound, so that we have at once upon us the problem of protecting the 8,000,000 acres, approximately, of merchantable susceptible pine in the Cascade

and Rocky Mountain areas, of which approximately one-third is in the national forests and is, therefore, Government property.

Mr. ANDERSON. Is there now any infection in the national forests?

Dr. TAYLOR. There is no infection in the national forests now. This map will show the locations of the known infections in British Columbia and in the State of Washington, which are close to the Sound.

The CHAIRMAN. You refer to these red spots on the map?

Dr. TAYLOR. They are quarantine lines which have been established. They are State quarantine lines, are they not?

Dr. KELLERMAN. This is the State quarantine line [indicating] and the departmental quarantine will probably hold this line. The order for that has not yet been issued, but it is now under consideration and will probably be established on exactly the same basis. This Canadian quarantine has already been declared by the Canadian authorities in order to prevent any of the disease moving eastward.

Mr. ANDERSON. I suppose there is a quarantine along the border line?

Dr. KELLERMAN. Both quarantine lines will be placed along the border at the same time; this line has been declared and this is now being declared by the local people [indicating].

Mr. SISSON. What is the use of our cleaning out our own back yard if the front Canadian yard is not cleaned out by Canada? Will they cooperate with us?

Dr. TAYLOR. They are cooperating and are interested, although they have not as heavy an investment in pine as we have.

Mr. SISSON. Do they agree with you as to the remedy?

Dr. TAYLOR. Yes; there is agreement as to the method and as to the virulence of the disease, both among scientific men and those who enforce their regulatory laws. Of course, if it were not for the fact that it takes this gooseberry bridge for the disease to pass, there would not be any chance at all for us, unless they cleaned out the disease thoroughly. We, of course, can not say to you with confidence that every point of infection in the State of Washington is known to us. The discovery of the disease here is too recent to permit that, but an active and intensive scouting has not disclosed the presence of the disease in the State of Washington inland from this fringe along Puget Sound, and fortunately this is a district in which there is but a scattering of the susceptible pines, because most of them are over here to the east and a considerable distance away.

The CHAIRMAN. Is any other pine but the white pine affected?

Dr. TAYLOR. All of the five-needle pines, and that includes the sugar pine, the Idaho white pine, and several species of those western pines; all of which are distinct from the old white pine of the Lake region and New England.

Mr. ANDERSON. As I understand it, the heaviest stand of white pine is in Idaho?

Dr. TAYLOR. The remaining virgin white-pine timber stand of the country is largely in this territory, the heaviest bodies being in Idaho, some in Oregon, Washington, Montana, and some in California, so that it is all in this corner of the country.

The CHAIRMAN. What other overhead expenses could there be?

Commander GATEWOOD. In the first place, there should have been added to the figures of the construction division figures that should have been furnished by the comptroller's department, which was the only department that could estimate the figures. The construction division had no knowledge of what they were at that time or what future similar payments would be made. That was for carrying on the general administrative work in connection with the completion of that large program. That figure was not added, but it should have been.

The CHAIRMAN. Does this $8,600,000 have anything to do with the contracts for the construction of the ships?

Commander GATEWOOD. Yes, sir.

The CHAIRMAN. Where does it come in? Was that a part of the overhead here in Washington?

Commander GATEWOOD. A part was overhead expense here in Washington. That is the comptroller's figure.

The CHAIRMAN. When and where was the expense of $8,600,000 incurred?

Commander GATEWOOD. Some of it was incurred prior to April 1, and some of it was incurred between April 1 and October 1. We now estimate $4,457,827 as the amount of overhead from October 1 to the completion.

Mr. SISSON. I do not understand how the appropriation of $25,000,000 is attached to this item of $8,600,000 of overhead, because the overhead expense would have to be paid anyway. Your overhead expense in any plant, or in any large construction plant, is proceeding all the time. You estimated $29,000,000 as the amount necessary to do a specific piece of work, and $25,000,000 of that amount was appropriated. I have not yet gotten it clearly in my mind just how that item of $8,600,000 can be charged to the $25,000,000.

Commander GATEWOOD. I was estimating from the point of view of the men actually doing the work, and not on the basis of the general administrative expenses involved in conducting the construction work.

Mr. SISSON. Did you pay any overhead charge out of that $25,000,000?

Commander GATEWOOD. I paid the overhead cost of the construction division only out of the $25,000,000.

The CHAIRMAN. That is all that you should have paid.

Mr. SISSON. If you are keeping books in that manner, we are lost. If that is your method of making financial statements to the committee, we are utterly lost; and I do not see how we will ever be able to tell what we are appropriating money for. To be frank with you about the matter, I am utterly at a loss to understand it.

Commander GATEWOOD. You would have to add to that figure these administrative or overhead expenses, which, I think, is a proper charge, according to the comptroller's figures.

The CHAIRMAN. What does that consist of?

Commander GATEWOOD. It consists of general administrative overhead expenses at Washington, and the overhead expenses of the board in general, incident to the completion of $69,000,000 worth of construction work.

called a meeting, which was held at Portland in December, to consider the whole situation and determine what needed to be undertaken, and this proposal is a joint result of that consideration.

COOPERATION WITH STATES.

Mr. SISSON. Doctor, have you eliminated the citrus canker from the fruit sections?

Dr. TAYLOR. No case of citrus canker has been found in Florida now for a little over two years.

Mr. SISSON. In that case you had the cooperation of the States?

Dr. TAYLOR. Yes, sir.

Mr. SISSON. The success of this necessarily depends more upon the cooperation of another country over which we have no control?

Dr. TAYLOR. Yes, sir.

Mr. SISSON. Would you suggest that this appropriation be limited to a contribution on the part of the States?

Dr. TAYLOR. Not this appropriation, for this reason, that the legislatures of none of the States that are affected meet until next January. The effective work must be done during this next growing season, the year 1922.

The CHAIRMAN. You mean to say that you must begin to work before July?

Dr. TAYLOR. Yes, sir. If we are to work effectively at all we should be in the field in each locality where it is practicable just as soon as the snow is off.

Mr. SISSON. Do you think that you have any assurance that you will get any material contribution from the States?

Dr. TAYLOR. The State authorities have already volunteered that to the extent that they have funds available in any of their forestry appropriations or their orchard-disease appropriations through which they can detail men to work under the supervision of our specialists, that that will be done, and that the forest-fire fighting associations which are maintained by the timber owners will make available the service of their men to us.

Mr. SISSON. On all of the Government reservations there are forest organizations that ought to be able to look after this matter if given a little information and instruction as to this disease?

Dr. TAYLOR. Yes. This proposed activity will be but little on the forest reservations. The disease fortunately has not reached those reservations.

Mr. SISSON. They have some forest reservations where they cooperate with the States and with the large landowners where you have some of the foresters on land other than the public domain?

Dr. TAYLOR. Yes, sir.

Mr. SISSON. And those who are not confined to the public domain ought to be able to cooperate in the country as to the discovery of the disease?

Dr. TAYLOR. In the State of Washington the State activities combined forestry, agricultural and horticultural departments, and those of Oregon, California, Idaho and Montana estimate that they can make available for the routine field work the equivalent of 975 men for 22 days each during the calendar year, which would amount to

approximately 21,500 man days of routine scouting unc vision of our specialists, but we must furnish the le expert supervision.

The CHAIRMAN. Men with knowledge?

Dr. TAYLOR. Yes, sir.

Mr. ANDERSON. Men who have the "know how?"

Dr. TAYLOR. Yes, sir.

BASIS OF ESTIMATE—PROPOSED PERSONNEL AND SALAR

The CHAIRMAN. Please tell us how you arrive at tl That is important.

Dr. TAYLOR. This is based, as the printed analysis s number of men of different grades. Pathologists, 3, a $3,000; assistant pathologists, 17, from $2,520 to $1,80 stenographers, 3 for the office work in the field, $1,440 to assistants, 28, at salaries from $1,800 to $1,500; collab nominal $1 a year salary; and miscellaneous tempora from $5 to $4 per diem.

Mr. ANTHONY. How did you arrive at the figure of 17 Is that just a guess as to how many people will be re area?

Dr. TAYLOR. That rests on an estimate of the numbe be required to cover the particular areas of territory v tensive scouting must be done.

The CHAIRMAN. Within a given time?

Dr. TAYLOR. Yes, sir.

The CHAIRMAN. What time has been fixed?

Dr. TAYLOR. This is figured on a basis of starting April 1.

The CHAIRMAN. It is important to start early in the s is also important to continue it all the summer?

Dr. TAYLOR. Yes, sir; during all the season when th covered with snow and field work can not be done.

LENGTH OF TIME BEFORE ERADICATION OF DISEASE CAN BE AS

The CHAIRMAN. How long do you anticipate it will ascertain the feasibility of the plan you have in mind?

Dr. TAYLOR. It will require the full year's operation, we can forecast it.

The CHAIRMAN. You will be able to tell then?

Dr. TAYLOR. Yes, sir; assuming the availability of th approximately April 1, we should be able to say by De whether it is going to be practicable to eradicate this dise region.

Mr. ANDERSON. If you should find, as a result of the that the infection has scattered around all through and that eradication would be impossible, you would ha lish a quarantine line and control the spread?

Dr. TAYLOR. Yes; develop such practicable methods o would be economically sound for the owners of pine in t maintain, if we are going to continue to grow pine. O that is uncertain in the northwestern situation is this, th currants and gooseberries in the Pacific Northwest diffe

from those in the northeast. We do not know the actual susceptibility of these northwestern currants, and their susceptibility to disease has only been studied in a very small way and under rather abnormal conditions, such as greenhouse conditions. We do know, however, that the imported black currant from the Old World, which, unfortunately, has been planted almost everywhere that the Anglo-Saxon race has migrated, through our whole northern country and in the Puget Sound country as well, is scattered in the homestead plantings of that region. That black currant is the first point of attack, because it is likely to be the first thing to show the disease if it is anywhere in the vicinity.

The CHAIRMAN. The $150,000 you are asking has nothing to do with the appropriation for rust?

Dr. TAYLOR. No, sir.

The CHAIRMAN. This is an independent activity?

Dr. TAYLOR. And representing an emergency phase, entirely separate.

The CHAIRMAN. And you will be able to determine the extent of the emergency within the amount suggested?

Dr. TAYLOR. We should be able to do that during this one year's operation.

The CHAIRMAN. The appropriation that we make here, I anticipate, would only go to the 1st of July. If we only should provide up to the 1st of July how much would you have to have?

Dr. TAYLOR. We would have to figure that, Mr. Chairman. Assuming that it would be available, say, by the 1st of April——

The CHAIRMAN (interposing). This bill will be law by April 1, I have no doubt.

Dr. TAYLOR. We could make a calculation. If we were to start on it at all it would be necessary for us to plan our campaign for the whole year.

The CHAIRMAN. Precisely.

Dr. TAYLOR. Of course, it would not be worth while for us to spend money in the spring and then to stop the work.

The CHAIRMAN. We have no desire to embarrass you.

Dr. TAYLOR. For that reason at this time we are not in a position to make an estimate for the spring work merely.

DIVISION OF ESTIMATE BY FISCAL YEARS.

The CHAIRMAN. The estimate is made for this work?

Dr. TAYLOR. Yes, sir; but running us through this year.

The CHAIRMAN. But an estimate for a deficiency appropriation could only apply for this year, the rest of this fiscal year.

Dr. TAYLOR. Our estimate covers the problem in terms of the calendar year, the growing season, such as we would have to meet.

The CHAIRMAN. I think the subject is a very important one and I am in favor of treating it very sympathetically.

Dr. TAYLOR. It is a case where we shall know a great deal more in a year from now than we know now.

To finance the work from April 1 to June 30, 1922, will require approximately $25,000; from July 1, 1922, to March 31, 1923, will require approximately $125,000. These estimates are based upon the following analyses:

special in your minds, but the Shipping Board had authority to collect $55,000,000, and that $55,000,000 was to be utilized in any way the board thought proper. I know they have not collected the entire $55,000,000 but they are still collecting, have collected, and will collect a lot more between now and the 30th of June, so that everything we give you on top of what you received to complete your $29,000,000 program is just adding that much more to the funds of the Shipping Board, which we do not propose to do: we have given them all we propose to give them.

Commander GATEWOOD. How much of that we are now getting in is properly creditable to pure construction I do not know, sir.

The CHAIRMAN. That is a matter of administration.

Mr. BYRNS. It is subject to use for that purpose.

The CHAIRMAN. It is a matter of administration, and if we give you $7,500,000 we will just add that much more to the appropriations we have already given to the Shipping Board.

Mr. SISSON. They have from now until the 1st of July to collect the balance of the $55,000,000 uncollected: they may or may not get that, of course, but it is the duty of the Shipping Board to dispose of that money in the way they can best use it.

The CHAIRMAN. I recommend to the Shipping Board that they come in with a frank statement of the situation and not try to get money by indirect methods.

Commander GATEWOOD. You understand my position, sir? From the time construction started until we made our estimates of $69,000,000 and then up to the time we made our estimate of $29,000,000 we were getting certain credits properly chargeable to construction funds. Maybe I can make it clear if I put it this way——

The CHAIRMAN (interposing). They were giving you a part of the money as they were collecting it for the payment of your obligations.

Commander GATEWOOD. A part of the money which was collected and which had been obtained and expended out of construction funds. Let us suppose, for example, that some of the credits in this $55,000,000 were from housing projects.

The CHAIRMAN. It is money obtained from the sale of ships, and they can use the money no matter from what source they get it.

Commander GATEWOOD. That is an administrative matter. In these estimates we are only crediting back to construction what has been spent right out of construction.

Mr. BYRNS. The law reads this way:

For administrative purposes, the payment of claims arising from the cancellation of contracts, damage charges and miscellaneous adjustments, maintenance and operation of vessels, the completion of vessels now under construction, and for carrying out the provisions of the act entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes," approved June 5, 1920, shall be paid from the following sources: (a) The amount on hand July 1, 1921; (b) the amount received during the fiscal year 1922 from the operation of ships, and (c) not to exceed $55,000,000 from deferred payments on ships sold prior to the approval of this act, from plant and material sold during the fiscal year 1922, and from ships sold during the fiscal year 1922.

So it is clearly applicable to the construction of ships.

FRIDAY, FEBRUARY 17, 1922.

STATEMENT OF DR. MILTON WHITNEY, CHIEF BUREAU OF SOILS.

GOVERNMENT KELP PLANT, SUMMERLAND, CALIF.

The CHAIRMAN. You are not asking for any money in this item for the care and maintenance of the Government Kelp Plant at Summerland, Calif., are you?

Dr. WHITNEY. Yes, sir; we are asking for $2,860 to supplement the $5,000 that was appropriated to enable the Secretary to dispose of the plant. We had thought that after advertising we would be able to dispose of it within the time which would be covered by this appropriation, but there have been complications in regard to the leases that have prolonged the negotiations, and we have not yet been able to complete the sale and transfer.

The CHAIRMAN. Was the $5,000 that you had appropriated for 1922 intended to pay for the services of men to watch the plant or to sell the plant?

Dr. WHITNEY. It was for the care and the expenses necessary in the disposition of it.

The CHAIRMAN. It was intended to cover the entire year, was it not?

Dr. WHITNEY. It was not stated.

The CHAIRMAN. Yes; it was an annual appropriation.

Dr. WHITNEY. Yes, sir; it was an annual appropriation. The wording of the appropriation was that the Secretary could dispose of the plant at any time after this bill was passed.

The CHAIRMAN. Of course you would not have used the $5,000 for 1922 if you had disposed of it in the first month of the fiscal year 1922?

Dr. WHITNEY. No, sir.

The CHAIRMAN. What is the condition of the kelp plant now?

Dr. WHITNEY. What we did was to stop operations at the close of the last fiscal year. The only money that we have used since the 1st of July was for three watchmen and an engineer to look after the harvesters. There are two marine harvesters that are at a different place in safe anchorage, and then we have used about $800 of this money for traveling expenses.

The CHAIRMAN. What were the traveling expenses for?

Dr. WHITNEY. Traveling expenses in connection with the sale of the plant.

PROSPECT OF SELLING PLANT.

The CHAIRMAN. What is the prospect of selling the plant?

Dr. WHITNEY. We have had three offers. We advertised very extensively in the newspapers, in the commercial and scientific magazines, and received three offers. The bids were opened on June 15. We tried out the highest bid, which was $35,000, and we found, after considerable negotiations, that they were not able to raise the money, and they finally withdrew. The second bid was for $25,000, and they withdrew without entering into any negotiations. The third bid was $17,500.

give them the $2,000,000 they should have, and it would be up to the Shipping Board to use these other credits as they desired and for the purpose of paying these debts and obligations. That is a matter of administration and is not a matter for which we should appropriate.

The CHAIRMAN. Anything we add to the $2,000,000 will be adding that much more to the $55,000,000, and as long as they have the $55,000,000, or any part of it, they must use it as provided in the law. Have you anything more to say about this under those circumstances?

Commander GATEWOOD. No, sir; I am not here to justify the comptroller's use of any overhead moneys; I am merely justifying the construction estimates, which are, as I said before, surprisingly accurate. I want the committee to understand that it was misinformed last July by not having had added to the purely construction figures an amount that was properly chargeable against construction to carry on the general administrative work in finishing that program. You should have had that figure, but it was not added, and to that extent the figures are short. To the extent that I overestimated the credits I am short, and I am not avoiding responsibility for that, but I still think some of those credits are coming in.

The CHAIRMAN. Up to the 30th of next June they can pay anything they want to pay for construction out of any money they collect under the $55,000,000 authorization.

Commander GATEWOOD. But what I am trying to present is that some of these things may not come in before the 30th of next June. For example, we should get something out of the Submarine Boat Co. claims, but we will not get anything by the 30th of next June, because those claims will be long-winded legal affairs, and to that extent we have overestimated the credits; but you should have had another figure; whether that figure ought to be $8,600,000 I do not know, but you should have had a figure in addition to my estimate for general overhead.

Mr. SISSON. I presume you do not know now whether the saving we have mentioned is more or less than $2,000,000, and I would suggest that you put in the record at this point exactly what the figure may be.

Commander GATEWOOD. I will try to get that for you if I can get the accurate figures from the comptroller's department.

The CHAIRMAN. But it is about $2,000,000?

Commander GATEWOOD. It looks to be about that amount now.

You will remember that in that $25,000,000 we estimated about $10,000,000 for deferred payments, and that was only an estimate; that was the best we could possibly do, because no one could say whether it was $10,000,000, $12,000,000, or $14,000,000, and that was the figure that was the least accurate of all the figures I gave. A great deal of the money we now have to pay is for ships that have already been constructed—that is, the money necessary for the settlement of those contracts, a great deal of it—because we have only a relatively small amount of shipbuilding to complete.

Mr. BYRNS. As I understand, you did estimate in this $29,000,000 the actual overhead charges for purely construction work?

Commander GATEWOOD. Yes; they are included in that—I mean for my division.

Dr. WHITNEY. They have informed us, or have put information in our hands that makes us believe that there is a sufficiently good chance to warrant us in extending their option to the 20th of February. That is next week.

The CHAIRMAN. Now, due to this situation, you think you need $2,860 more?

Dr. WHITNEY. We will not need it if we sell on next Tuesday, but if we do not sell on next Tuesday then we have got to cancel that option and take the whole thing back. We will try to sell it, first, as a going concern in its entirety, and, failing that, we will have to dismantle and salvage it.

EXPENSE OF WATCHMEN AND ENGINEER.

The CHAIRMAN. You have three watchmen there. What do you pay these watchmen?

Dr. WHITNEY. There is one at $1,140, one is temporarily employed at $90 per month, and another is employed at $3.10 per day.

The CHAIRMAN. Why do you need an engineer there?

Dr. WHITNEY. There are two kelp harvesters anchored at Long Beach. There is no safe harbor at Summerland, so we transferred the harvesters to Long Beach.

The CHAIRMAN. The engineer takes care of them?

Dr. WHITNEY. Yes, sir; he keeps them in order.

The CHAIRMAN. Can you sell those harvesters?

Dr. WHITNEY. Yes, sir.

The CHAIRMAN. If you do not sell them, you will have to dismantle them.

Dr. WHITNEY. We can dispose of them separately. There will be no trouble about disposing of them.

The CHAIRMAN. What is the total per annum expense incurred in the employment of the three watchmen and the engineer?

Dr. WHITNEY. For seven months it was $4,610.57.

The CHAIRMAN. This $2,860 is intended to carry it for the rest of the year.

Dr. WHITNEY. Yes, sir; in case we do not dispose of it sooner.

AMOUNT INVESTED IN PLANT.

The CHAIRMAN. But you think it is essential that this appropriation should be made to cover any contingency?

Dr. WHITNEY. Yes, sir. It is necessary, of course, to watch the plant, which is a Government plant.

The CHAIRMAN. How much money have we invested in the plant, or in the plant construction?

Dr. WHITNEY. The value of the plant as it is, or of the material that was put into it as it now stands is about $80,000.

The CHAIRMAN. You have had about $448,000 altogether since the plant has been there. So there are $80,000 invested in the plant.

Dr. WHITNEY. Yes, sir; that represents the value of the material, or the original value of the material at that time, without depreciation. Now, there has been a great deal of experimental work done there. It was an experimental plant, and we have tried methods and have changed methods.

VALUE OF POTASH SOLD.

The CHAIRMAN. Did you ever produce any potash?

Dr. WHITNEY. We have sold to date $140,743.60 worth of potash.

The CHAIRMAN. That leaves your investment $313,000 so far.

Dr. WHITNEY. Yes, sir.

The CHAIRMAN. What about the possibility of operating the plant successfully?

Dr. WHITNEY. We think it is very good. There has been, as you know, great business depression on the Pacific coast, as there has been in other parts of the country, and it has been exceedingly hard for anyone to raise money.

POSSIBILITY OF PLANT BEING SUCCESSFUL.

The CHAIRMAN. You think that the Government has done all of the experimentation work that should be done by the Government, and enough to justify other people in investing their money in it?

Dr. WHITNEY. Yes, sir. I wish the Government could have continued for one year longer, or until we had all of the by-products out, but we have enough, I should say. We have made demonstrations enough to justify others in taking it up.

The CHAIRMAN. Do you think it will be a success?

Dr. WHITNEY. We think so.

The CHAIRMAN. How large a business would it be possible to make it?

Dr. WHITNEY. They could probably enlarge it at least three times; there is sufficient kelp continuously growing to supply a plant three times the size of the present plant.

The CHAIRMAN. What would be the value of the annual product from a plant of that size?

Dr. WHITNEY. I have no estimate on that. We have figured on the entire kelp industry.

The CHAIRMAN. How much is that?

Dr. WHITNEY. Our rather conservative estimate of the amount of potash recoverable from the Pacific coast is around 200,000 tons. That is actual potash.

The CHAIRMAN. What is that worth per ton?

Dr. WHITNEY. That is worth about $80 per ton of K_2O. That would be 200,000 tons of K_2O. The entire use of potash in this country in 1913 was 240,000 tons.

The CHAIRMAN. Was that because we could not get it?

Dr. WHITNEY. No, sir; that was when we were using the largest amount. That is the largest amount we have ever used.

The CHAIRMAN. So that there is a possibility of developing a sufficient quantity to meet the needs of the country?

Dr. WHITNEY. Yes, sir; that is quite a conservative estimate.

The CHAIRMAN. How much capital would have to be employed to do that?

Dr. WHITNEY. It would be in rather small units. It would not be susceptible of development as a great factory. It would consist of small units along the coast, from southern California all the way to Alaska.

The CHAIRMAN. There is no other place where you can obtain kelp potash?

Dr. WHITNEY. On the Japanese coast.

The CHAIRMAN. I mean in this country.

Dr. WHITNEY. No, sir; it grows only right there.

The CHAIRMAN. There is a sufficiently steady flow of this supply to justify an investment in the plant?

Dr. WHITNEY. Yes, sir. There would be small plants along the coast. Efforts are being made to have small plants in Alaska to give work to the Indians. There, of course, the season is short, and they get but one crop a year.

The CHAIRMAN. This is a natural growth, is it not?

Dr. WHITNEY. Yes, sir.

The CHAIRMAN. It does not have to be planted?

Dr. WHITNEY. No, sir. You cut it as you would hay or as you would cut clover.

The CHAIRMAN. You must have marine harvesters?

Dr. WHITNEY. Yes, sir; they have cutting knives, similar to those on the ordinary mower. They cut the kelp off about 6 feet below the surface of the water, and it comes to the surface.

The CHAIRMAN. When it is cut it floats?

Dr. WHITNEY. Yes, sir. The harvesters load it on the barges. They load about 100 tons on a barge.

The CHAIRMAN. You have to dry it, then, before you manufacture it?

Dr. WHITNEY. Yes, sir.

The CHAIRMAN. What process do you go through with in drying it?

Dr. WHITNEY. We have rotary kilns.

The CHAIRMAN. How long does it take to put it through the drying process?

Dr. WHITNEY. Just a few minutes, or about 20 minutes.

The CHAIRMAN. Do you then grind it up?

Dr. WHITNEY. Yes, sir. There are several things we do with it, depending on what we want to prepare. Some of it has been sold as dried ground kelp, and some of it has been sold as kelp char.

The CHAIRMAN. What do you use that for?

Dr. WHITNEY. It can be utilized as a fertilizer, but the most advantageous way to use it is to activate the kelp charcoal by methods which we ourselves have worked out. Those are electrical furnace methods. When properly treated, it is exceedingly active in its power to absorb gases and in the purifying of liquids. The country is depending more and more in its great chemical industry on absorbing substances, such as ordinary charcoal, bone charcoal, fuller's earth, and things of that kind. Since the war the value of charcoal has been demonstrated, and the methods of activating charcoal have been demonstrated as of so much value that this product of kelp char has become a valuable asset. We think that the value of kelp char is sufficient to run the entire plant. Then, besides that, we have the potash recovered and the iodine.

The CHAIRMAN. Those are all by-products?

Dr. WHITNEY. Yes, sir. Then, we have ammonia and a number of other things that we have not had time to work out on an accurate scale. Of course, that is all stopped now.

The CHAIRMAN. What you want in this case is $2,860 to keep the plant going until you can make a sale of it?

Dr. WHITNEY. Yes, sir.

The CHAIRMAN. That is, for the balance of the fiscal year?

Dr. WHITNEY. Yes, sir.

The CHAIRMAN. If you can make a sale of the plant within the next 30 days you will not need it?

Dr. WHITNEY. No, sir; and we will not be able to use it for anything else.

FRIDAY, FEBRUARY 17, 1922.

BUREAU OF MARKETS AND CROP ESTIMATES.

STATEMENTS OF MR. H. S. YOHE, IN CHARGE ADMINISTRATION OF THE UNITED STATES WAREHOUSE ACT, AND MR. WELLS A. SHERMAN, SPECIALIST IN MARKET SURVEYS.

ADMINISTRATION UNITED STATES WAREHOUSE ACT.

The CHAIRMAN. You have an appropriation for the current fiscal year of $80,000 for the administration of the United States warehouse act, and you are asking for $9,015 more. Did you make an allotment of this appropriation at the beginning of the fiscal year 1922?

Mr. YOHE. Yes, sir; it was allotted.

The CHAIRMAN. Did you make your allotment with a view to living within the appropriation?

Mr. YOHE. Yes, sir; and we are within it. This is simply a supplemental estimate, and it is not a deficiency.

The CHAIRMAN. It is not a deficiency?

Mr. YOHE. No, sir.

The CHAIRMAN. It has no place here if it is not a deficiency.

INCREASED NUMBER OF WAREHOUSES LICENSED.

Mr. YOHE. This is simply an item which is asked for to make possible the carrying on of the work to the extent that it is demanded. When the estimates were submitted last year we asked for $100,000, and it was felt that that amount would be needed to answer the demands which were being made on the part of warehousemen to become licensed under the United States warehouse act. The representations which were made at that time with respect to the development of the work and the actual development since apparently fully justified the amount which we asked for. We have found in the past year the greatest growth in the matter of licensing warehouses that has occurred since the act went into effect. This act was passed in August, 1916. Up to the first of last April, we had licensed 238 cotton warehouses with a total capacity of approximately 429,975 bales of cotton; we had licensed 56 grain warehouses with a capacity of approximately 2,108,000 bushels of grain; we had licensed 5 wool warehouses, with a capacity of 24,375,000 pounds of wool. There were no tobacco warehouses licensed at that time. Since then those

numbers have been increased in the matter of cotton warehouses to 264 cotton warehouses, with a combined capacity of 1,250,000 bales; in the way of grain, the number of licensed warehouses has moved from 56 to 275, with a total capacity of over seven times as great as we had last April, or over 14,000,000 bushels.

We have now 18 wool warehouses with a capacity of 33,000,000 pounds, and we have 6 tobacco warehouses with a capacity of 3,820,000 pounds. Now, we are not calling attention to the particular increase in the number of warehouses, but are calling attention to the matter of the increased capacity of those warehouses, which is the thing we must consider if we are going to administer the act effectively, because it is necessary to make subsequent inspections of the warehouses a certain number of times a year to see that the products represented by the outstanding receipts are on hand. When we stop to consider that in six months' time in the past year we have more than trebled the amount of licensed cotton warehouse capacity and have increased seven times the amount of grain warehouse capacity, and then if you will stop to consider that those warehouses must be inspected, as we believe, at least four times a year, you can easily see how the demands are made on our appropriation. I want to say right here that the matter of the expenditure of that appropriation is not going into salaries. This is one of the lowest salaried projects in the whole Bureau of Markets. We pay men as low as $1,500 a year.

EMPLOYEES, NUMBER AND SALARIES.

The CHAIRMAN. What is the highest salary paid?

Mr. YOHE. The highest salary is $3,300 a year.

The CHAIRMAN. How many employees do you have?

Mr. YOHE. There are about 18, I think. Many of those men are out at least 80 per cent of the time.

Mr. SISSON. I understood you to say that $3,300 was the highest salary paid, but I notice you have one man here at $3,600.

Mr. YOHE. That is in estimates for this coming year. There is no one drawing $3,600 now in that project. Until a few months ago the highest salary paid was $3,000.

AMOUNT OF SUPERVISION OF WAREHOUSES.

The CHAIRMAN. What sort of supervision do you have of the warehouses when they are licensed?

Mr. YOHE. We can require them to submit reports such as we may desire, and we have supervision to the extent that if they are not conducting the warehouses as we think they should be conducted, we can revoke the licenses.

The CHAIRMAN. What is the advantage of licensing the warehouses?

Mr. YOHE. The advantage of the license is not so much to the warehouseman, except that from a business standpoint he can advertise, if he want to to get business, that he is a licensed warehouseman, and that his warehouse has been approved by the Federal Government.

The CHAIRMAN. Do you pass on the fireproof character of the warehouses?

Mr. YOHE. We pass on the construction of the warehouses, but it is not required that the warehouse must be fireproof, in order to be licensed. The only thing required in the act is that the warehouse shall protect the products against damage from either the elements or insects, or whatever sources it may come from. To the depositor, the license to the warehouse means everything. In other words, the farmer or anyone else who may be using a warehouse would be benefited to this exetent, that with the licensed warehouse receipt he can go to almost any bank and borrow up to a certain value on the particular products covered by the receipt. On the other hand, if he takes a receipt from an unlicensed warehouse, he very frequently finds that his borrowing capacity is not based upon that receipt, but is based on his own personal financial responsibility. The purpose of these subsequent inspections to which I have referred, and which, as I have said, use up so much of our appropriation, is to see that the product is there on all outstanding receipts.

Mr. BYRNS. You require a bond, do you not?

Mr. YOHE. Yes, sir.

Mr. BYRNS. How do you determine that? Is it fixed by law?

Mr. YOHE. No. The act does not fix the bond; it simply leaves it in the discretion of the Secretary and the regulations the Secretary has promulgated determine it. There is no deficiency called for here and we are not going to have a deficit.

NEED OF APPROPRIATION TO EXTEND LICENSING.

The CHAIRMAN. This is a deficiency?

Mr. YOHE. No; we are simply asking for money to make it possible to go ahead and answer the demands that are being made upon us.

The CHAIRMAN. There is nothing before this committee but deficiencies.

Mr. YOHE. I understood you were considering both deficiency and supplemental ma'ters.

The CHAIRMAN. Not this committee

Mr. YOHE. Then it should not be here.

Mr. SISSON. I imagine Mr. Anderson is the man to take charge of you.

Mr. ANDERSON. Is this an item for the remainder of the current fiscal year?

Mr. YOHE. The remainder of this year; yes, sir.

Dr. BALL. This is a deficiency in this sense: That if you do not grant this we will not extend it and we will stop the work. That is just the point.

The CHAIRMAN. That is, you will stop the extension?

Dr. BALL. No; we will stop the whole work.

Mr. YOHE. No; we can go ahead with our present appropriation this year; we have a certain amount allotted so that we can go ahead wi'h the warehouses we now have licensed.

Dr. BALL. But you will stop the extension of the work.

The CHAIRMAN. That is what I said.

Mr. YOHE. But we have reached the point where we can not admit any more warehousemen to the list of eligibles as licensed warehousemen.

AMOUNT OF APPLICATIONS COMING IN.

The CHAIRMAN. How many applications have you now?

Mr. YOHE. The number of applications depends on the season of the year. For instance, very shortly we expect to have a number from the wool people. They usually do not get active in the matter of filing applications until the particular product which they handle begins to move into storage. Right now we have been served with notice by the Burley Tobacco Growers' Association that they expect to file applications—they have probably filed them now—for at least 40 warehouses.

We are served with similar notice from the tobacco growers in North Carolina and Virginia, which will come in this spring. A number of wool people have told us that they expect to file applications. Just day before yesterday I got a letter from a large grain-elevator concern in Fort Worth, Tex., with a million and a half bushel capacity, stating that they had definitely made up their minds to file an application. Last week we got an application from a concern in Davenport, Iowa, a grain elevator with a capacity of a million and a half bushels. They are constantly coming in. Just last week we had a letter from the secretary and general manager of the Oregon Wheat Growers' Association, in which he says he wants to get all the elevator men in Oregon into the system. Yesterday I received a letter from them transmitting the names of about 150 or 160 grain elevators in Oregon alone.

Mr. ANDERSON. As I understand the operation of this law as it is administered, when an application is received you make a preliminary inspection?

Mr. YOHE. Yes, sir; an inspection of the warehouse itself and also of the applicant.

Mr. ANDERSON. After you have made the first inspection, you figure on making an average of four inspections a year?

Mr. YOHE. Yes, sir.

Mr. ANDERSON. And you situation, as I understand it, is that with the amount of money you have you are not able to accept any new applications, because you will not have the money with which to make the preliminary inspections and follow them with the inspections that are necessary in order to make sure that the receipt is properly safeguarded?

Mr. YOHE. That is correct.

The CHAIRMAN. And you think this $9,015 will enable you to do that for the rest of the year?

Mr. YOHE. Yes, sir.

UNEXPENDED BALANCE.

The CHAIRMAN. How much of an unexpended balance have you on hand now?

Mr. YOHE. We have now about $15,000; the appropriation of last year has about $10,000 in it, and there is $5,000 left in the continuing appropriation from the original act. Now, there is another thing that must be considered in connection with the $15,000, and that is that we have not allotted the necessary traveling expenses for our present force to the end of this fiscal year, and there will be consider-

able of that; probably the entire $15,000 will be used to meet that expense.

The CHAIRMAN. Well, I guess that is all to be said about this.

BANK LOANS ON LICENSED WAREHOUSE RECEIPTS.

Mr. YOHE. There is another thing I probably ought to say to this committee, and that is this: These licensed receipts, as I said a while ago, have given the deposition something on which to get his loan. As was stated the other day to Mr. Anderson's committee, a letter was received from one warehouseman who some time ago took several hundred warehouse receipts to a bank in New Orleans for the purpose of getting a loan. He left those receipts with the bank and went on another errand; when he came back he found the bank had thrown out about a dozen receipts, and on which they told him they could not make a loan; he looked at his receipts and found that the dozen thrown out were receipts that had been issued prior to his entering into the license system.

The CHAIRMAN. Do you find that the Federal reserve banks require them to have receipts from licensed warehouses?

Mr. YOHE. No, sir; that is not a universal requirement.

Mr. ANDERSON. That is the rule in Atlanta, is it not?

Mr. YOHE. No; the Federal Reserve Bank at Atlanta has a corps of its own inspectors, but in the case of our warehouses their inspectors do not inspect warehouses which we have licensed; they only inspect those which are not licensed and they recommend to the warehousemen in their district that they operate under the Federal system.

COST OF LICENSE AND INSPECTION.

Mr. SISSON. Does this license cost anything?

Mr. YOHE. It costs $2 for the license itself and the warehouseman must pay a certain fee for inspection; then he must pay for the bond he files, and that is the most costly part of the whole business.

The CHAIRMAN. Is there an annual charge to the licensed warehouseman?

Mr. YOHE. No, sir; there is an original inspection charge, then a license fee of $2, and thereafter there is only a charge of $1 for each renewal of the license.

Mr. SISSON. Generally speaking, what is the inspection cost?

Mr. YOHE. The inspection cost will range all the way from $5 to $50, depending on the capacity of the warehouse.

The CHAIRMAN. The inspection involves the taking of an inventory, does it not?

Mr. YOHE. Yes, sir; and a thorough examination of the physical features of the particular warehouse, an analysis of the business methods of the warehouseman, his financial standing, integrity, etc.

The CHAIRMAN. Do you think the Government should make these inspections without cost?

Mr. YOHE. As the law stands now it is merely permissive, and unless the law is made mandatory I do not think there is any chance of making the system what it might be made to protect the average person who deposits with a warehouseman because of the fact that if they are asked to pay a large fee they will probably stay out of the system.

The CHAIRMAN. And you think there is sufficient advantage in keeping them within the system to justify the Government in paying the cost of the inspection?

Mr. YOHE. I should say that if we can measure in dollars and cents the stabilizing influence which these licensed warehouses and these licensed receipts have had upon agriculture, then the cost is more than compensated to the Government.

The CHAIRMAN. We will take up the item on page 44, which we passed over until Mr. Anderson could be present. I will ask Mr. Anderson to conduct the examination as to that item.

COMPLETION OF WOOL WORK.

The CHAIRMAN. Please just briefly tell us about this wool situation.

Mr. SHERMAN. The completion of the wool work depends largely upon the speed with which the Department of Justice can bring to a conclusion the cases that we have turned over to them. The War Industries Board required the 1918 wool clip to be handled under the regulations which it prescribed, because the entire domestic clip and a good deal more was needed for the military purposes of the United States. Under the regulations two classes of dealers were permitted to operate. They were called country dealers and central dealers. There were only 178 central dealers; and, eventually, all of the domestic-wool clip was required to pass through their hands. The Quartermaster's Department determined, through its valuation committee, the value of each lot and allotted the wool taken over by the Government to the various mills which held contracts. In addition to the value, as determined by the Quartermaster's committee, the distributing central dealer was paid 4 per cent out of the United States Treasury for his overhead, the use of his facilities, etc. That was all the profit which he was supposed to make.

The regulations provided that if on the season's business either the country dealers or the central dealers made more profit than permitted under the regulations, the excess should be disposed of as the Government might require. Before the end of the season it was found that certain dealers had made a great deal of excess. The War Industries Board made a promise, as they construed it, a public statement, that the excess would be collected from the dealers and returned to the growers.

The CHAIRMAN. Have you the names of the growers?

Mr. SHERMAN. We have not all of the names; but we have a great many—tens of thousands. We inherited that promise. That is to say, the uncompleted work of the wool section of the War Industries Board was transferred to the Bureau of Markets by presidential order December 31, 1918.

The CHAIRMAN. How much is involved in it?

Mr. SHERMAN. We have located excess profits totaling over $1,300,000.

The CHAIRMAN. That would not be much to each one of the wool growers?

Mr. SHERMAN. No, sir; the amount of the refunds varies considerably, because some dealers made considerable excess; in some cases the excess profits amounts to several cents a pound.

The CHAIRMAN. Is the work about completed?

Mr. SHERMAN. The work is at that stage where, as I have said, its completion depends on the speed with which we can get action in the courts.

The CHAIRMAN. You have ascertained all the facts?

Mr. SHERMAN. That part is done, except for the winding up of a few cases, which we have in the office.

The CHAIRMAN. You have to put experts on the witness stand?

Mr. SHERMAN. That is the purpose for which we are asking this increase.

The CHAIRMAN. How many cases are there to be tried?

Mr. SHERMAN. We do not know. The solicitor has 45 cases in hand and will have the remainder of them, 10 or 15 more, in the next 30 or 60 days. The Department of Justice has had a number of these cases in hand for more than a year.

The CHAIRMAN. You are not required to keep the witnesses on the pay roll?

Mr. SHERMAN. No, sir; we are not required to keep the witnesses on the pay roll, but we will be required whenever these cases come to trial to have an auditor available and on the ground to go into the merits of any claims for offsets which the defendants may raise.

The CHAIRMAN. You have to keep them?

Mr. SHERMAN. We are fortunate in that two of our auditors were men trained for the purpose, taken from our regular technical staff, who have now been returned to their work in the fruit and vegetable division, who can be taken off and used for auditors in these cases if it becomes necessary.

The CHAIRMAN. They are being paid now out of this fund?

Mr. SHERMAN. Those two men are not.

The CHAIRMAN. How many men are there?

Mr. SHERMAN. There are two auditors being paid from this fund. One of them has outside employment waiting for him. We have asked him to defer his resignation 30 days until he can wind up one more of the important cases which he has.

The CHAIRMAN. You need this money for that work?

Mr. SHERMAN. In traveling and expenses which would be incident to the trial of these cases, in case more than five should come to trial during the present year. We have an unencumbered balance still of about $1,000, after providing for all the salaries, but if more than five cases should come to trial before the 1st of July we would need the money. We can not well ask for continuances when we have been urging the Department of Justice to action.

AMOUNT COLLECTED—UNDISTRIBUTED BALANCE.

Mr. ANDERSON. How much money have you collected?

Mr. SHERMAN. A little over $600,000.

Mr. ANDERSON. And you have disbursed about half of that?

Mr. SHERMAN. Nearly half of that. We have disbursed $287-614.18, and we have a fund of $94,542.12 which can not be distributed, that amounts to more than all the appropriations that have ever been made for winding up this work. That represents checks returned undelivered, or that proportion of the excess profit which was represented by purchase from unknown parties.

Mr. ANDERSON. The amount to go to those people that you can not find more than covers the cost?

Mr. SHERMAN. Yes, sir.

The CHAIRMAN. $75,500, if you get the $2,500, is what the cost has been so far?

Mr. SHERMAN. Yes, sir. I have in mind more than that. The figure I had in mind covered the estimate of $15,000 for next year.

The CHAIRMAN. That is what it has been up to the present time?

Mr. SHERMAN. Yes, sir. We have on hand $309,000 undistributed, and assuming that the same percentage will remain—in fact, I think it will be more, because these are the most difficult cases, if we collect the full amount there will be considerably over $300,000 left undistributed in the Treasury.

FEDERAL HORTICULTURAL BOARD.

STATEMENT OF DR. C. L. MARLATT, CHAIRMAN FEDERAL HORTICULTURAL BOARD.

ERADICATION OF PINK BOLLWORM.

The CHAIRMAN. You have an estimate of $50,000 for eradication of the pink bollworm. How are you getting along with that work?

Dr. MARLATT. This deficiency estimate is for border control to prevent new entry from Mexico of the pink bollworm. Eradication is provided for in a separate item in which there is no deficiency. This map indicates the present whereabouts of the pink bollworm in the United States. This matter of the eradication of the pink bollworm has been before the Agricultural Committee and the Appropriations Committee for four or five years.

The CHAIRMAN. For time out of mind.

Dr. MARLATT. No, sir; it has been since 1917, as I recall it. It was then that the insect was first discovered in Texas.

The CHAIRMAN. Perhaps I was thinking of the boll weevil.

Dr. MARLATT. We have had the boll weevil for probably 30 years. The pink bollworm was reported in Mexico in November, 1916, and at that time we asked authority from Congress to establish a border control, along the Mexican and Texas border particularly, to prevent the spread of the insect from Mexico into the United States. Such authority, with an appropriation of $50,000, immediately available, was included in the appropriations for the department for the fiscal year 1918. Later, in 1917, the pink bollworm was found in two areas in Texas—Hearne and the Trinity bay section [indicating]. Since then Congress has been giving us funds that we have been using with the idea of eradicating this pest.

The CHAIRMAN. What effect has it had upon the cotton crop?

Dr. MARLATT. None at all in the United States. In Laguna, Mexico, it has had a considerable effect, but in the United States it has had no effect at all on the cotton crop. This has been one of the best pieces of insurance work that the department has ever done. In other words, the control work has absolutely eliminated all damage to the American cotton crop, even where the insect had gained limited foothold, and in that way the work has been worth many times

the money actually expended upon it. Without this work, the insect would undoubtedly have spread all over the Southern States.

PROSPECT OF SUCCESSFUL ERADICATION.

The CHAIRMAN. Do you think there is any prospect of eliminating it altogether?

Dr. MARLATT. I am very hopeful of that. The work under way has been very successful in Louisiana, for example, and over considerable areas in Texas.

Mr. BYRNS. Is it spreading in Mexico?

Dr. MARLATT. Not very much; because cotton is there a localized crop.

Mr. BYRNS. How effective has the border control been?

Dr. MARLATT. It has been very effective, and that phase of the work is what we have under consideration to-day.

Mr. BYRNS. I thought this deficiency was for the purpose of eradicating the pink bollworm in this country?

Dr. MARLATT. No. There is a separate item for eradication and control work. This item is for the border control, to prevent further entry from Mexico.

In further answer to the chairman's question, the work in Louisiana has been very effective—so much so that not a single pink bollworm was found in that State in connection with the crop of 1921.

Mr. SISSON. There were several points of infestation in Louisiana. Has it become less there?

Dr. MARLATT. Yes, sir; it has been cleaned up, and not a single insect was found in the State last year. We have reason to believe that the insect has been exterminated in that State. Even the most careful and minute examination fails to show a single insect there.

The CHAIRMAN. It has been exterminated in this section [indicating the three originally invaded parishes in southwestern Louisiana]?

Dr. MARLATT. Not a single bollworm was found in that large section last year.

The CHAIRMAN. Was any cotton grown in that section? [Indicating the general Trinity Bay region in Texas.]

Dr. MARLATT. Cotton was grown over most of that section last year (1921). The central portion of that section [indicating], that within the blue line, was maintained as a noncotton section, and the surrounding section within the red line was maintained as a regulated section. The balance of the area was without any regulation or control. Only one insect was found in 1921 in this area, which is the largest area yet invaded by the pest.

Mr. SISSON. It is a great pity that they did not understand at first the ravages of the boll weevil, so that they might have agreed upon a noncotton-growing zone.

Dr. MARLATT. Yes, sir; it is a pity. That proposition was made, but it was turned down.

The CHAIRMAN. How successful are you in combating the boll weevil now?

Dr. MARLATT. The boll weevil has passed into a state of permanency in this country.

Mr. SISSON. It is in North Carolina and South Carolina now.

Dr. MARLATT. It has spread over the entire cotton belt east of Arizona, and can not be now eliminated. It is simply a matter of control by methods which are being constantly improved from year to year, and which are measurably effective.

The CHAIRMAN. You think that if you are provided with the necessary funds you can prevent that condition from taking place, so far as the pink bollworm is concerned?

Dr. MARLATT. We hope to. That comes under our general appropriation, and it has been taken care of in the agricultural appropriation bill.

COOPERATION WITH STATES AND PLANTERS.

Mr. SISSON. I think you will agree that success in this whole matter depends upon the degree of cooperation you secure from cotton farmers and State authorities, and especially upon the thoroughness with which your quarantine is maintained.

Dr. MARLATT. Yes, sir; absolutely.

The CHAIRMAN. How successful are you in securing that cooperation?

Dr. MARLATT. We have been 100 per cent successful in the case of Louisiana, with the result that I have just mentioned in that State. Until recently we have had only partial cooperation in Texas, but the people of Texas have become more thoroughly acquainted with the problem within the last 18 months, as a result of a conference that was held here in Washington last May and which was attended by representatives from all the cotton States, a large delegation from Texas being present.

Mr. ANDERSON. Did they not send a State commission down into Mexico?

Dr. MARLATT. Yes, sir. But to finish what I was saying, as a result of the conference held here in May, called by the Secretary of Agriculture, representatives from the State of Texas agreed to get legislation and to secure cooperation, which was very much needed, and I am glad to say that at a special session of the legislature, convened in July last, a satisfactory law was enacted under which we are now operating. We believe that with the support that Congress is giving and with the support which we expect the State to give, we will be in a fair way to accomplish for Texas what we are apparently accomplishing in Louisiana. The problem is in a very hopeful situation. It all depends upon the continuance of cooperation, not only of the State authorities but of the individual planters.

INVESTIGATION IN MEXICO BY TEXAS COMMISSION.

Referring to the question as to the Texas commission, it may be said that the conversion of the Texas people was due to the commission that the governor of Texas sent into the Laguna, Mexico, to see what the insect was actually doing. Texas was full of doubting Thomases who denied the existence of the pink bollworm. They said "It is an old pest, which we have known from childhood," and they thought the new pink bollworm was all a figment of the imagination of the experts. They said that there was not a pink bollworm in the

State of Texas, and that was probably true so far as their own experience went, because the control and clean-up had practically eliminated it.

The governor appointed a commission which was very representative of the cotton interests of Texas, including men representing the different cotton associations and also the leading men who had opposed our work in Texas and who had practically blocked our efforts.

Mr. SISSON. He made it up about 50–50. That is, he appointed a number of doubting Thomases, who had made speeches against the work, and then he appointed a number of men who felt that something ought to be done?

Dr. MARLATT. Yes, sir. Those men went down to Laguna, and they did a good piece of investigation. They went out into the fields and made their own examinations. The plan was to go into a field at different points, and when the signal was shouted, each one would pull up the cotton plant nearest to him. They would then carry these out to the open and count the bollworms and estimate the damage. They did that sort of work throughout Laguna, and got a good idea of what this new pest meant. They submitted to the governor a very valuable and enlightening report on their investigation. One interesting feature of their report was that they placed the loss due to the insect at about 5 or 10 per cent greater than the government authorities had placed it. They put the loss of that year, 1920, at upward of 50 per cent of the crop in Laguna. Our estimate of the loss for the same year was a little over 40 per cent.

The CHAIRMAN. You think that the continuation of this appropriation is a matter of great importance?

Dr. MARLATT. The general appropriation for eradication, which, of course, we are not considering now, is very important.

The CHAIRMAN. I mean the continuation of this appropriation here?

Dr. MARLATT. Yes, sir.

BORDER INSPECTION.

The CHAIRMAN. The appropriation you are seeking now is $50,000 in addition to what you already have?

Dr. MARLATT. Yes, sir. This border inspection is fundamental work. Upon it depends the exclusion of the pest, and all the other work is of no account if the border inspection lapses.

Mr. SISSON. There is another thing that, perhaps, has been considerably in your way, and that is that the condition of affairs in Mexico has been such that you could not secure much cooperation from the government there. Have you taken the matter up with the Obregon government to see whether or not you could secure some cooperation from them on the border line?

Dr. MARLATT. We have been doing all that we could in that way from the very beginning, and we have had some connection with the various Governments down there right along. The outlook now is much better than it has been. I think that the very fact that our clean-up work is indicating success will be a tremendous stimulus to Mexico.

Mr. SISSON. You must constantly keep a very watchful eye on the border to prevent the pest from getting back into this country?

Dr. MARLATT. Yes, sir; and that is the point of this appropriation. Now, as to this deficiency, Mr. Chairman, the estimates for the border control work were based upon the amount of traffic of previous years which we had been required to supervise and disinfect.

The CHAIRMAN. You disinfect it?

Dr. MARLATT. The control means the inspection, and for the most part, the disinfection of the entire traffic, car, freight, etc., coming from the Republic of Mexico into the United States. There are seven such ports of entry in New Mexico, Arizona, and Texas.

The CHAIRMAN. All of it depends upon the efficiency of the inspection?

Dr. MARLATT. Yes, sir. The amount of money required depends entirely upon the volume of traffic. We based our estimates upon the traffic records and the cost of the supervision in previous years. Now, there has been a tremendous and unexpected increase in the traffic between Mexico and the United States, due to the more stabilized conditions in Mexico. Of course, that is a very fine thing for both Mexico and this country, but it means greater cost in conducting the border control. As an illustration, we inspected during the 12 months ending last July, 25,000 cars, and disinfected 15,000 cars, in round numbers, while during the last six months of 1921 we inspected 22,000 cars, or nearly as many as we inspected in the entire 12 months preceding, and disinfected 19,000 cars, or, in other words, 4,000 more cars than we disinfected in the 12 months' period.

FEE CHARGED FOR DISINFECTION AND INSPECTION.

Under the terms of the appropriation the Secretary of Agriculture is given permissive authority to charge a fee for this disinfection and inspection service. The fee charged is based on the cost, as nearly as we can estimate it, of the chemicals and the ordinary labor used, no charge being made for the technical supervision. Neither does it cover the rental of fumigation sheds which have been provided out of Federal funds. These sheds have a capacity of from 5 to 15 cars at each point. The fees collected from the beginning of the work in October, 1919, to the end of 1921, a little over two years, and turned into the Treasury, amounted to $176,232, while the fees collected during the first six months of the present fiscal year, or from July to December, 1921, amounted to $79,933; that is, we collected in the last six months' period nearly half the total that was collected in the entire two-year period.

The CHAIRMAN. So that you are really getting a large part of this expenditure back?

Dr. MARLATT. Yes, sir; 75 per cent of it. We are getting all of it back except the actual salaries of the inspectors and a very small travel expense. In other words, it is not a money loss to the Government.

The CHAIRMAN. Even if all of it came out of the Government, the work is one that is justified.

Dr. MARLATT. Yes, sir. The question whether we ought to put this expense on the traffic between the two countries has been brought up a good many times, but the work was started on that basis, and we have reduced the cost very much. It is $4 per car now, but in

the old days, when the fumigation was done by private parties, it ran from $9 to $10 per car. There was a good deal of objection to the fees for a considerable period, but that seems to have waned.

WEDNESDAY, FEBRUARY 15, 1922.

DEPARTMENT OF COMMERCE.

BUREAU OF LIGHTHOUSES.

STATEMENT OF MR. GEORGE R. PUTNAM, COMMISSIONER.

AIDS TO NAVIGATION.

The CHAIRMAN. You had an item of $120,000 for repairing and rebuilding aids to navigation in the seventh lighthouse district. Are these aids to navigation being considered by the regular committee that authorizes them?

Mr. PUTNAM. No, sir; not these aids to navigation. This item is to take care of damage done by a hurricane last October. There is no other committee considering this item. This item came up long after the estimates were submitted for the regular appropriation bill for the next fiscal year.

The CHAIRMAN. Tell us all about it.

Mr. PUTNAM. This item is for the purpose of repairing, rebuilding, and reestablishing aids to navigation and structures connected therewith in the seventh lighthouse district which were damaged or destroyed in the storm of October 24–26, 1921. In order to meet the immediate urgent needs of navigation some emergency repairs of a temporary character have been made, but to reestablish these aids to navigation and make repairs permanent it is estimated that $120,000 will be required. The current appropriations are barely sufficient for the regular operation and necessary upkeep of the service, consequently an appropriation is necessary to repair the damage done by this storm.

The CHAIRMAN. Tell us what the difficulties are and why this must be done.

Mr. PUTNAM. First, I will show you the locality by this chart. This work is in the vicinity of Tampa Bay, Hillsboro Bay, San Carlos Bay, and Charlotte Harbor, on the west coast of Florida. Tampa is one of the important seaports of Florida, and a great deal of traffic from the southern coast to Cuban and various ports on the Gulf of Mexico goes from Tampa Bay. The shipping through Tampa and Hillsboro Bays in 1919 carried 1,010,702 short tons, valued at $44,548,111, and also 116,806 passengers. The damage done by the storm consisted in the destruction or serious damage of 21 aids to navigation as well as the loss of 2 buoys and the damage of a lighthouse depot. The aids that were destroyed and that will have to be rebuilt are shown on this large scale chart of Tampa Bay. Those marked in heavy black were destroyed by the storm, and the estimate submitted is for replacing them. The two others [indicating] are buoys. There are two additional lights north

of Tampa Bay and four more at San Carlos Bay and Charlotte Harbor, south of Tampa Bay. In the case of two of these main lighthouses, they were not completely destroyed but considerably damaged. That also applies to the depot on Egmont Key, at the entrance to Tampa Bay. Considerable damage was done there. The details of the work required to be done are shown in the unit cost statement printed at page 40 of the Budget estimates. The storm of October 24–26, 1921, was an unusually severe one; the tide in Tampa Bay rose over 10 feet, the highest since 1848.

The CHAIRMAN. Those lights were completely destroyed?

Mr. PUTNAM. Yes, sir; except the two main lighthouses to which I referred and five beacons, which were badly damaged.

The CHAIRMAN. How long will it take to repair them?

Mr. PUTNAM. It will probably take eight months or so to completely rebuild them.

The CHAIRMAN. Then why do you want this money in a deficiency bill, if it is going to require eight months to do the work?

Mr. PUTNAM. This work is urgently required, and if it does not go into the deficiency bill it will have to be postponed for a year or more until it could be included in the next regular annual estimates. This came in too late to submit to the committee in connection with our regular estimates this year.

The CHAIRMAN. Do you think the matter is an urgent one?

Mr. PUTNAM. Yes, sir. I have here some extracts from letters from various shipping interests, and I would like to read a part of them into the record. These extracts show the urgency of the situation:

From J. W. Morris, general agent Port Tampa Terminals, Atlantic Land & Improvement Co., Port Tampa, Fla., January 23, 1922:

"I trust that the Department of Commerce will authorize the construction of large, permanent beacons in place of these temporary markers, and that the work of erecting these beacons will not be greatly delayed. Navigation of deep-draught vessels in Tampa Bay is now seriously hampered for the want of these large, visible structures."

From P. J. Saunders, vice president Peninsular & Occidental Steamship Co., Jacksonville, Fla., January 25, 1922:

"Since the hurricane at Tampa last October the lights, beacons, etc., have been in bad shape. Will be glad for you to take it up with the proper officials and see that these aids to navigation are replaced with permanent structures.

"Within the past month our Tampa ship on one occasion was delayed 24 hours, on another 3 hours, being unable to locate the proper lights and beacons. On both trips the passengers and mail were delayed between Key West and Tampa, and also between Havana and Tampa, owing to the fact that this ship has a through schedule.

"Would appreciate prompt action on your part."

From A. E. Sharpley, master steamship *Miami*, Peninsular & Occidental Steamship Co., Miami, Fla., January 26, 1922:

"It will be absolutely necessary to have these range lights on these long, narrow dredged cuts placed in a better condition, as it is almost impossible to see the small temporary beacons and lights now in use, and it is urged that larger structures and lights be replaced."

From Tampa Bay Pilots' Association, Tampa, Fla., February 6, 1922:

"It is needless to impress upon you as the head of this lighthouse district the importance of replacing the channel marks carried away by the October hurricane with permanent beacons so that vessels can safely navigate, particularly in bad weather.

"We realize and appreciate your efforts in having replaced some of these markings with pilings, etc., but same are entirely inadequate, being too low and can only be seen at a limited distance.

"While so far as we have been fortunate enough not to have any mishaps, but it is only conjectural as to when some vessel is likely to get into serious trouble, thereby greatly damaging the commerce of the port."

From Tampa Association Masters, Mates, and Pilots, Tampa, Fla., February 7, 1922:

"This association wishes to call your attention to the fact that the temporary markers placed in Tampa Bay, after the hurricane of October 25 last, are not sufficient except on very clear days. As a matter of fact, these piling are low and can not be readily seen. We need large, permanent structures very badly, and we hope the lighthouse board will arrange for the erection of these as quickly as possible."

From L. E. Knight, assistant general manager Tampa Dock Co., Tampa, Fla., February 8, 1922:

"With reference to the destroyed lighthouse markings in Tampa and Hillsboro Bay, will say that the lack of these markings is causing a great hardship on the shipping to and from this port."

Other similar letters have been received from the Tampa Board of Trade, Gulf Refining Co., and Philip Shore.

The CHAIRMAN. Were the small structures referred to placed there after the storm?

Mr. PUTNAM. Yes, sir. We have put in some small temporary structures, so that the shipping entering that harbor may not be entirely lacking in facilities. All of these letters are to the effect that those temporary structures are not sufficient protection to navigation.

The CHAIRMAN. Are you sure you need $120,000 for this purpose?

Mr. PUTNAM. Yes, sir; that estimate has been carefully prepared.

The CHAIRMAN. Who prepared the estimate?

Mr. PUTNAM. It was prepared by our superintendent at Key West and was reviewed by the engineering division in Washington.

The CHAIRMAN. Do you let this work out by contract or do it yourselves?

Mr. PUTNAM. It would probably be done both ways, part by contract, and part by hired labor, and our own construction force. In each case we do whatever seems to be most advantageous for any particular job.

The CHAIRMAN. You generally estimate all of these things at a good deal higher cost than they ought to bear, do you not?

Mr. PUTNAM. No, sir; we estimate as closely as we can and sometimes put in a small contingent item, but there is none included here.

The CHAIRMAN. For 1922 the appropriation for general expenses was $4,200,000 and provided for the repair and the establishment and restoration of aids to navigation. Why is it you come here for a deficiency appropriation?

Mr. PUTNAM. As I stated at the beginning, Mr. Chairman, our appropriation for maintaining the service is not sufficient to meet such an emergency as this, such a large item of storm damage, but small items of damage we do endeavor to take care of out of our appropriation for general expenses. We have taken care of these temporary repairs at Tampa Bay out of the general appropriation, temporary repairs which cost about $10,000. That has been done out of our general appropriation. Also a large number of aids which suffered minor damage by this storm have been repaired out of the general appropriation and are not included in this estimate.

The CHAIRMAN. But the appropriation provides for the establishment of aids to navigation and for new aids.

Mr. PUTNAM. That refers to the establishment of minor post lights and minor structures which we do from time to time, but any extensive work we could not do out of that general appropriation.

The CHAIRMAN. But it does not say so; it says, "the establishment and restoration of aids to navigation."

Mr. PUTNAM. It has long been understood between the department and Congress that we can not build a large lighthouse out of that general appropriation and that is never done. The only establishment we ever make out of that general appropriation is in the way of a minor light, or other aid.

The CHAIRMAN. You are not going to build a lighthouse out of this but you are going to build buoys?

Mr. PUTNAM. If the funds were sufficient this work could be done legally out of this appropriation but the funds are not sufficient; the appropriation available for repairs is practically exhausted and the year is not nearly completed. As a precedent for this matter of storm damage appropriation I wish to call attention to various appropriations that have been made in the last five years or so for taking care of unusual storm damages, nearly all on the Gulf coast, the last being in the act of March 6, 1920, for repairing and rebuilding aids to navigation on the Gulf coast.

The CHAIRMAN. You can find a precedent for anything, but we are going to stop the practice of allowing departments to come here for deficiency estimates just because they have the fancy that they like to supplement their annual appropriations. We must get you people out of the notion that you can come here and get deficiency appropriations whenever you feel like coming, on the theory that you can spend as much money as you like out of annual appropriations and then when they are exhausted come back and get some more. That is ended.

Mr. PUTNAM. We understand that, but I do not think we have been doing that.

The CHAIRMAN. You are doing it now.

Mr. PUTNAM. No, sir. It is impossible for any service to estimate on the possible repairs necessitated by damage from a West Indian hurricane. One year we may do a considerable amount and then it may run for several years without anything being required.

The CHAIRMAN. How much could you use out of your annual appropriation to supplement this amount and get along?

Mr. PUTNAM. I think we can not do any more than we have already done. We have used about $10,000 to put in these temporary structures which are now there, and I think it would be impracticable for us to undertake any of this work.

The CHAIRMAN. You are going to have a new appropriation after the 1st of July and you say you can not possibly use this money in less than eight months?

Mr. PUTNAM. We can not complete the work. We would begin this work immediately if funds were available.

The CHAIRMAN. You can use some money out of that which you have and then go on and finish it out of what you are going to have, can you not?

Mr. PUTNAM. It depends on how liberal the committee is in regard to our estimates for next year. We have not included in our esti-

mates for next year any funds to take care of such storm damage as this.

The CHAIRMAN. You may not have included it for an emergency, but it seems to me that all of the departments get very liberal when they try to get their arms, up to their shoulders, into the Treasury, and our job is to see that they do not get any more out of the Treasury than is absolutely needed to meet the situation. Tell us frankly how much you can use between now and the 1st of July in connection with this work. Be frank with us.

Mr. PUTNAM. I would say offhand that about half of this money could actually be expended between now and the 1st of July, but if any of it was done by contract we would have to obligate the whole amount of the contract.

The CHAIRMAN. You can get along with half of it, you say?

Mr. PUTNAM. Not and do the work that is required.

The CHAIRMAN. You can do the work that is required out of what you have in your annual appropriation and out of what you expect to spend for this class of work out of next year's appropriation, and not supplement the two appropriations by a large amount of money. We want to cooperate with you and we would like to have you cooperate with us, although we do not want you to cooperate with us merely on one side—get just what you can out of the Treasury and then have the taxpayer grumble because he has no money with which to pay his taxes. I concede that this storm damage has created more or less of an emergency; that there would not be any need for an expenditure if there had not been damage by reason of this storm. But you say you could not spend the money during the rest of this year if you had it; you have money left in your appropriation, some of which you can use, and you certainly will have money in the next appropriation, some of which you can use, and if we give you a little of this and you take a little of the 1922 appropriation and a little of the 1923 appropriation and add it to that amount you will have enough.

Mr. PUTNAM. We will do the best we can.

The CHAIRMAN. What do you think about it? Be frank with us. The trouble with the departments is that they do not come up here and tell us all of the inside, so that we must guess more or less. We do not want to have any difficulty; we want to relieve all the difficulties of navigation we can and be fair about it.

Mr. PUTNAM. I would like to explain one general difficulty of our work on the Gulf coast as affected by these hurricanes. A great deal of the earlier work was not of a very permanent character, and that is why we have these heavy estimates after these storms. A great deal of this earlier work, which was of rather insecure construction, has been destroyed by those storms; and we are very anxious in the future, in repairing this damage, to put in construction that will stay.

The CHAIRMAN. You want permanent construction?

Mr. PUTNAM. Yes; and I think it will be economy in the end to do that; and that would be the reason why there should be no material reduction in an estimate like this, because if the estimate were cut down we would not be able to put in structures that will last and stand under the next hurricane that comes along. I would suggest, if you want my frank opinion, that the amount be reduced to,

say, $100,000, and if that were done we would make the very best endeavor we could to do the work in the best shape possible.

The CHAIRMAN. You could not use it anyway in the next four months?

Mr. PUTNAM. But we have to plan the job.

The CHAIRMAN. You have annual appropriation bills for these things out of which you can plan such work, and it seems to me that we should not obligate the Treasury for things that can just as well be cared for out of annual appropriation bills.

Mr. PUTNAM. We have in our estimate for general expenses next year no amount included to take care of such an item as this.

The CHAIRMAN. Anyhow, you say that $60,000 is as much as you could spend in the next four months?

Mr. PUTNAM. Yes, sir; I doubt whether we could spend more than that.

DAMAGE CLAIMS.

The CHAIRMAN. I do not think you could spend that much, because it would take you that time to make your plans.

We will take up the next item, which is, "To pay the claims adjusted and determined by the Department of Commerce under the provisions of section 4 of the act approved June 7, 1910, on account of damages occasioned to private property by collisions with vessels of the Lighthouse Service and for which vessels of the Lighthouse Service were responsible," and for that item you ask $736.25. Have these damage claims been adjusted?

Mr. PUTNAM. These claims have been adjusted in accordance with the law which gives us authority to adjust claims under $500. They have been carefully examined.

The CHAIRMAN. And they are all right?

Mr. PUTNAM. Yes, sir; all right.

The CHAIRMAN. How did these damages occur?

Mr. PUTNAM. One of these is for the payment of damages because of a collision between the lighthouse tender *Myrtle* and a dock belonging to the New England Steamship Co. at New Haven, Conn., on October 1, 1921.

The CHAIRMAN. What did they do—run into the dock and break its timbers?

Mr. PUTNAM. Yes, sir.

The CHAIRMAN. And they want us to pay for it?

Mr. PUTNAM. Yes, sir.

WEDNESDAY, FEBRUARY 15, 1922.

COAST AND GEODETIC SURVEY.

STATEMENT OF CAPT. R. L. FARIS, ASSISTANT DIRECTOR.

ALTERATIONS TO MINE SWEEPERS.

The CHAIRMAN. You have an item for alterations to mine sweepers, Coast and Geodetic Survey, "For necessary alterations to U. S. S. *Auk* and the U. S. S. *Osprey* to convert them from mine sweepers to surveying vessels, $72,300, to be immediately available and continue

available during the fiscal year 1923." Why do you come here with a deficiency for this, and what is the matter with the mine sweepers?

Capt. FARIS. They were made, of course, for the Navy and for the purpose of mine sweeping.

The CHAIRMAN. Have we not a lot of mine sweepers that are in good order?

Capt. FARIS. I do not know what order they are in. I believe there are some 29 mine sweepers of this class, but they belong to the Navy.

The CHAIRMAN. But the Navy is not doing anything with them?

Capt. FARIS. I do not know. May I gave a little history about this thing?

The CHAIRMAN. Yes.

Capt. FARIS. When we put in our original estimate, which has been discussed before the other subcommittee, or, rather, before it got to the committee but went to the Budget officer, we had in it $1,000,000 for two new ships, for which we have been asking for some years.

The CHAIRMAN. And you had those turned over from the Shipping Board, did you not?

Capt. FARIS. No; they are these ships. But I was going to say that we first asked the Navy whether they could let us have some of these mine sweepers, and they said "no." Then we went ahead and put in our estimate of $1,000,000 for two new ships to replace some ships that were sold six years ago; we had to sell them because they were about 40 years old and the upkeep was more than they were worth. When that budget came up to Gen. Dawes, Col. Jones spoke to him about it, and then through Gen. Dawes' efforts the Navy concluded that they could spare two of these mine sweepers, and on that conclusion we told Gen. Dawes to cut the $1,000,000 out of the estimate. Of course, we told him also that those vessels, as they stood as mine sweepers, required certain structural changes in order to make them proper surveying vessels. The vessels themselves are all right, and the engines are all right; but they have no quarters for the number of officers carried in a sufficient surveying unit; they have no proper drafting room, and we must have a drafting room so that we can plot our work as we go along and know what we are doing.

The CHAIRMAN. Gen. Dawes made this statement: That when you asked for $1,000,000 for the two ships he conceived the idea that the Navy could just as well let you have them; then it was discovered, after they decided to let you have them, that it would require $10,000 or $15,000 to put them in running order, which the Navy did not want to spend, but which they were finally induced to spend and did spend, as I understand it, and that the ships were turned over to you in running order.

Capt. FARIS. As mine sweepers.

The CHAIRMAN. That is what you want them for, is it not?

Capt. FARIS. No; we do not want them for mine sweeping; we want them for surveying, and as they are now they are mine sweepers. For instance, they have not the facilities which make them efficient surveying units; they lack proper drafting rooms, and they require more quarters for officers, so that we can carry more officers and have more surveying units on one ship.

The CHAIRMAN. What is the character of the quarters on these ships?

Capt. FARIS. I could not describe those exactly to you, but I will say that our officers went up where these ships are, went over the whole thing, and found, for instance, that they have a deckhouse providing for the officers who run the ships, but there are only about four such officers on a ship, and that is all they want of such officers as we call ship's officers, the officers who navigate the ship; but we need more quarters in order to run four or five surveying units that will always work from that ship, and consequently we want to extend the house that is on deck further aft in order to accommodate more officers.

The CHAIRMAN. When do you start these ships out?

Capt. FARIS. We are going to start the ships out, if we get this money, as soon as we have these alterations made, and we ought to start those ships out before the 1st of July.

The CHAIRMAN. Why do you need these structural alterations? Have you not plenty of living quarters for the men?

Capt. FARIS. There are plenty of quarters for the men but we can not carry enough officers on them.

The CHAIRMAN. How many officers do you carry?

Capt. FARIS. We would carry on these ships from 10 to 12 officers.

The CHAIRMAN. How many cabins are on each of these ships?

Capt. FARIS. Only one, as I understand it.

The CHAIRMAN. Have you seen the ships yourself?

Capt. FARIS. No; I have not personally seen them.

The CHAIRMAN. Do you not think it would be a good idea to see them before you come and ask an appropriation of $72,300 with which to make alterations?

Capt. FARIS. But our officers who have charge of ships have seen them.

The CHAIRMAN. The trouble with those men is that they never stop to think about the Treasury; they only think about what they want. They paint the picture to their fancy and then say how much that picture will cost.

Capt. FARIS. This is a very conservative estimate.

The CHAIRMAN. It may be a conservative estimate for what they are going to do, but it may not be a conservative estimate of what they ought to have.

Capt. FARIS. It will require this money to make the ships what they should be, but the point is this: If we can not put enough officers on them so that we can operate them at full efficiency we are losing money all the time, because it requires a certain number of men to run ships of that size; I mean, in the engine room and on the deck. We want to carry enough officers on these ships to enable us to use several surveying parties, and if we can do that the overhead will be about the same; we want to make them so that they can run to their full capacity. For instance, we have the *Surveyor* now in Alaska, and she is a ship of about the same tonnage as these vessels.

The CHAIRMAN. What is the tonnage of these vessels?

Capt. FARIS. Around 1,000 tons. It requires a ship of about that size to stand the weather. If we did not have enough quarters on that ship except for about three or four officers we could only do a limited amount of surveying work, while if we could carry enough officers we could send out several launch parties from the ship and

thus do a great deal more work; we could even put them on shore in temporary camps and supply them with food from this ship for a week or two.

The CHAIRMAN. How long will it take to use this money?

Capt. FARIS. These alterations should be made in six weeks. These are all steel ships and it does not take very long to use $36,000 when working in metal.

The CHAIRMAN. I would like to see a picture of the ships and see how many cabins you have.

Capt. FARIS. I will see whether we have such a picture.

The CHAIRMAN. I would like to see what the cabin facilities are now.

Capt. FARIS. We have the plans in our office.

The CHAIRMAN. I think you should bring them here. I do not believe we should appropriate $72,000 without knowing some of the details, because that amount of money is quite a big fortune; it may not be in the total cost of the Government, but it is a big fortune for some things, and we have to deal with it on that basis. I think you had not better make any further argument about this thing until you bring us the plans of the ships and let us see what cabins they have. If you can supply us with that information we will be very glad to have you come before us tomorrow; we will let you know the exact time.

Capt. FARIS. I will bring the plans and show what is there now and what we think ought to be there.

The CHAIRMAN. That is what we want.

THURSDAY, FEBRUARY 16, 1922.

ACCOMMODATIONS FOR OFFICERS AND CREW.

The CHAIRMAN. Have you the plans?

Capt. FARIS. Yes, sir. As the ships are built now they have only room for three officers, one of which is the engineer officer. As you know, the ships were built for naval purposes, as mine sweepers.

The CHAIRMAN. What are these, around here [indicating]; all quarters?

Capt. FARIS. Quarters. The other plan will show that better.

Mr. SISSON. Do they not have more men on a mine sweeper than you would have on the ship?

Capt. FARIS. No, sir; 46 men and 4 officers.

The CHAIRMAN. Are these all officers' cabins here [indicating]?

Capt. FARIS. Yes, sir.

The CHAIRMAN. And that [indicating] is the place for the crew?

Capt. FARIS. Yes, sir.

The CHAIRMAN. You have all of the space you need?

Capt. FARIS. Yes, sir; but it is not arranged in the right way. We are not going to make any great changes.

The CHAIRMAN. You are asking for $72,000?

Capt. FARIS. That is for the two ships. This is the way the ship is now [indicating]. This is the officers' stateroom [indicating]; this is the officers' mess [indicating], and this is the crew's mess.

The CHAIRMAN. And this is the boiler trunk, whatever that is?

Capt. FARIS. That is an open space.

The CHAIRMAN. And here are the crew's quarters back here [indicating]?

Capt. FARIS. Yes, sir.

The CHAIRMAN. It seems to me that you have all the space without any trouble.

Capt. FARIS. That is what we want to do; we have to change the inside a little.

Mr. SISSON. Suppose the ship belonged to you privately, would you want to spend that amount of money on it?

Capt. FARIS. If we had to put additional men on it.

The CHAIRMAN. What is the engine-room trunk?

Capt. FARIS. That is just the room above.

The CHAIRMAN. That would still be open?

Capt. FARIS. Yes, sir. This place [indicating] is just a shelter, and this is the towing engine for use [indicating].

The CHAIRMAN. The crew's quarters are above?

Capt. FARIS. Yes, sir; just along the water line.

Mr. SISSON. Where is the proposed change?

The CHAIRMAN. Here is what they want. That is the officers' room [indicating] and that is the officers' mess [indicating].

Capt. FARIS. That is a very small place and only for 4 people, and we ought to have a place for 11 people.

Mr. SISSON. How long is this ship?

Capt. FARIS. 182 feet over all, a thousand-ton ship. The width of the ship is 32½ feet outside.

The CHAIRMAN. You have a big broad beam.

Capt. FARIS. Yes, sir.

The CHAIRMAN. These rooms must be pretty good sized?

Capt. FARIS. They have runways on each side of the ship.

The CHAIRMAN. The rooms are in the center?

Capt. FARIS. Yes, sir. This [indicating] is the house that runs through the center.

The CHAIRMAN. And you have a gangway on both sides?

Capt. FARIS. Yes, sir.

Mr. SISSON. There [indicating] is another pretty nice room.

The CHAIRMAN. The crews' mess must be back here [indicating].

Capt. FARIS. We want to make this so as to accommodate 10 or 11.

The CHAIRMAN. And take out this partition [indicating]?

Capt. FARIS. Just rearrange it.

Mr. SISSON. How do you get 10 or 11 officers on a ship of that character?

Capt. FARIS. We have one about that size now. We are going to send these vessels to Alaska as soon as we get them fixed and get them around. They will not go to Alaska this year but we will work them on the coast of California until the following spring and then send them to Alaska. Up there those ships should be most efficient. These are oil-burning vessels, the fuel is oil. We are going to send them to the west coast and bring one now on the west cost, a coal-burner, to this coast.

The CHAIRMAN. You can buy oil for half on the west coast?

Capt. FARIS. Yes, sir.

The CHAIRMAN. And coal is higher on the west coast than on the east coast?

Capt. FARIS. Coal is higher and oil is cheaper.

Mr. SISSON. How much work do you propose to do in the Alaskan waters, how much money will likely be given to you for that purpose?

Capt. FARIS. I do not know.

Mr. SISSON. I was wondering whether of necessity it would take $70,000 a ship?

The CHAIRMAN. $72,000 for two ships.

Capt. FARIS. $36,000 each.

The CHAIRMAN. It looks like a large amount of money to remodel a few cabins on a ship.

Capt. FARIS. These vessels are practically new. They were built, as I recall it, in 1918 and 1919. I do not know what the plans of the Navy are; it appears they may not use them for a long time. They are almost new vessels. They cost from $500,000 to $800,000 apiece; I do not know the exact cost.

Mr. SISSON. What do you propose to do here?

Capt. FARIS. Rearrange these berths [indicating] so that we can get in some more men that we need.

Mr. SISSON. In other words, that is a very inexpensive proposition?

Capt. FARIS. Yes, sir; it is as inexpensive as we can make it. The whole plan of change contemplates the least expenditure. These are berths [indicating] which will be rearranged. This part [indicating] is not going to be changed.

The CHAIRMAN. You could not change that—that is, the boiler room, the engine room, and the space above?

Capt. FARIS. We could build some things there, but we are not going to. Instead of having the crew down there [indicating] we are going to put them above [indicating], because we have to have some things of our own.

The CHAIRMAN. You mean the officers?

Capt. FARIS. We find it is necessary to separate the living quarters of the chief petty officers from the seamen. We are going to fix that up for those people, besides having an ice plant and a place for a carpenter shop for whatever repairs that have to be made to boats, etc.

The CHAIRMAN. You can do a lot of work for $72,000?

Capt. FARIS. We are doing this on two ships. These estimates were based upon figures which we got from one of the big shipbuilding companies last August, I think it was, when we were making up an estimate for two new ships.

Mr. SISSON. Do you expect to do this work yourself?

Capt. FARIS. No; by contract. The Navy says that they want to furnish an estimate. We will let them, if they want to.

The CHAIRMAN. How many officers are you going to have on these ships?

Capt. FARIS. Eleven.

The CHAIRMAN. And you intend to spend $36,000?

Capt. FARIS. But we will have more men.

The CHAIRMAN. You have room for how many officers now?

Capt. FARIS. Four.

The CHAIRMAN. That will be $36,000 to provide accommodations for seven officers?

Capt. FARIS. We have got to do some things besides providing accommodations for the officers. We have got to have a place where we can have a drafting room. We will have to extend the quarters: we will have to extend them so that we can carry 10. The captain will have his quarters up here. [Indicating.]

Mr. SISSON. Mr. Chairman, if we have the matter somewhat in detail as to what was going to be done, we might give them those things absolutely essential or give them all.

PROPOSED ALTERATIONS.

The CHAIRMAN. You will find those items on page 53. Extension of present deck houses to provide quarters for more officers and construction of drafting room on both vessels, $14,940 each, $29,880. Alterations to crews' and chief petty officers' quarters, both vessels, $950 each, $1,900. Remove towing and mine handling and ordnance equipment, both vessels, $520 each, $1,040. Alterations of deck winches and miscellaneous deck equipment and piping, both vessels, $1,550 each, $3,100. Why do you want to move them?

Capt. FARIS. We have to put piping in the rooms—toilet room, etc.

The CHAIRMAN. Why move the winches?

Capt. FARIS. We can not use those winches.

The CHAIRMAN. Yo do not have to use winches at all?

Capt. FARIS. We use winches for hoisting our boats on the upper deck, but they are not in the right place.

The CHAIRMAN. What difference does it make where they are?

Capt. FARIS. For instance, we want to build on the top a drafting room, and some of those things are in the way.

The CHAIRMAN. Heavier ground tackle for anchoring in exposed places, both vessels, $3,600; $7,200. Why do you want heavier ground tackle for anchoring?

Capt. FARIS. We want heavier anchors so they will hold the ships. They are not supplied with sufficiently heavy anchors now. These boats heretofore in their use have not been anchored in such deep water or in such exposed places. We will have to anchor outside in the Pacific Ocean.

The CHAIRMAN. New boats, including alterations for stowage, both vessels, $5,950 each; $11,900. What are the new boats?

Capt. FARIS. Additional boats to what they carry now.

The CHAIRMAN. You mean life boats?

Capt. FARIS. Survey boats, which will be lifeboats also.

The CHAIRMAN. How much does it cost to build a lifeboat such as you would use?

Capt. FARIS. I just saw the price of an ordinary whaleboat the other day, something like $850.

The CHAIRMAN. And you will build $5,950 worth for each ship?

Capt. FARIS. We want another launch. Besides, it does not pay to have rowboats when surveying.

The CHAIRMAN. You are certainly going to make the boats palatial?

Capt. FARIS. There is nothing palatial about them.

The CHAIRMAN. New refrigeration plant, both vessels, $3,650 each; $7,300?

Capt. FARIS. Those vessels in surveying on the west coast will go out and stay as long as the fuel will last, from six weeks to two months. They have to have something to keep their supplies out there so that they will not spoil.

The CHAIRMAN. What do the mine sweepers do when out; do they not have to have supplies?

Capt. FARIS. Yes, sir; but as far as I know they have never stayed out any such length of time.

The CHAIRMAN. Have they no refrigeration plants?

Capt. FARIS. No refrigeration plants. They carry ice to last a week or two.

The CHAIRMAN. Where they have ice space on these ships you want to put a refrigeration plant in?

Capt. FARIS. Yes, sir. All ships that go to sea like that carry a plant for the purpose of preserving food.

The CHAIRMAN. You might as well build a new ship?

Capt. FARIS. The last estimate we had was $500,000.

The CHAIRMAN. You would not have gotten it.

Capt. FARIS. This will make the ships suitable for our purposes.

The CHAIRMAN. Miscellaneous alterations as may be found necessary after trial, overhauling valves, machinery, and deck fittings, both vessels, $4,000 each, $8,000. What does that mean? These ships, you say, are in operating condition, so far as the machinery is concerned, and you are proposing to change the machinery after you get them?

Capt. FARIS. No; not change the machinery. We will change some of the quarters.

The CHAIRMAN. Overhauling valves, machinery, and deck fittings—is not that the machinery?

Capt. FARIS. Yes, sir. The valves may be just in the pipe-lines.

The CHAIRMAN. But that is a part of the machinery.

Capt. FARIS. We are not going to bother the engine at all.

COST OF ALTERATIONS.

The CHAIRMAN. How much is it going to cost you to do this in a respectable way, without any extravagance?

Capt. FARIS. Mr. Chairman, my opinion is that it will cost what we have estimated. As I say, we based those figures on figures that we got from a shipbuilding concern.

Mr. SISSON. When?

Capt. FARIS. About last August.

Mr. SISSON. There has been a great deal of change since August.

The CHAIRMAN. Prices are lower also.

Capt. FARIS. There may be scome unforeseen things to be done. As you know, when you start to build a house, there are always some changes that you could not foresee.

Mr. SISSON. That was six or seven months ago.

The CHAIRMAN. You know how much cabin space you have now?

Capt. FARIS. Yes, sir.

The CHAIRMAN. If we give you that the rest is all right if you do not get it?

Capt. FARIS. I do not think I can say that, Mr. Chairman. We have got to change this up here [indicating] and also at this end [indicating].

The CHAIRMAN. You say the principal reason you want this at all is that you have to carry more officers and you have not accommodations for them—that is the only reason you gave yesterday at all?

Capt. FARIS. We have got to change the arrangement.

The CHAIRMAN. If that is all you have got to do, as stated yesterday, all you need is $29,880?

Capt. FARIS. No; we have got to change these other quarters so that the men can be properly housed. We have to have drafting rooms, we have to change the mess room, we have to make that bigger.

The CHAIRMAN. That is contemplated in the other scheme; that is all included in it?

Capt. FARIS. That is just for the rear end of the ship. This [indicating] has to be extended just over to the right here [indicating]. Then we have to build up the sides to put in these staterooms [indicating] and fix a toilet room for them. When we do that we have made a place for more men to eat, and instead of just 3 it has to be made for the whole 10.

The CHAIRMAN. You do not mean to say that you are going to change the pilot house?

Capt. FARIS. We have to do this [indicating].

The CHAIRMAN. What is the matter with the pilot house?

Capt. FARIS. The pilot house is all right. We have to rearrange this thing [indicating].

The CHAIRMAN. In order to give the captain a better room?

Capt. FARIS. As a matter of fact he is not only the captain of the ship but he is the paymaster of the ship and he has to have a place where he can do his work.

The CHAIRMAN. Why does he have to have more room than any other man?

Capt. FARIS. Because, in addition to being captain, he is the chief surveying officer, and he is responsible for the records of the ship.

The CHAIRMAN. How many men do you have?

Capt. FARIS. We have 53 men. He has to have all the papers there. Then he has got to pay the bills for the running of the ship, and he needs the additional space.

The CHAIRMAN. Of course, Government activities always need more space than a private concern would put on a ship.

Mr. BYRNS. How far do you anchor out from the coast?

Capt. FARIS. That depends upon the depth of the water. On the Pacific coast we are limited in the matter of anchorage. There you do not have to go out very far. You could not anchor at all very far out, because the water is too deep. We observe the currents where we anchor and would probably anchor 6 miles offshore.

REFRIGERATION PLANT.

Mr. BYRNS. I was wondering why you needed a refrigerator plant. You say you have an ice plant and that you can carry enough for a 10 days' or two weeks' supply, and I was wondering why you needed a refrigerator plant.

Capt. FARIS. Because you have to go to certain places to get ice. You must do that when you go in for your supplies, and if you do not have a refrigerating plant you would have to go in to get ice. However, we do not want to be going into port every week or so for that sort of thing. It is much more economical to stay out as long as you can, because when we are in port we are not surveying. That is the reason why the ship that will carry the most fuel and stay out the longest is the most economical ship in the long run.

Mr. SISSON. In other words, it is lost motion when you have to come in and revictual the ship?

Capt. FARIS. That is true. We had a ship that was built for a yacht that could not carry enough on board to keep her out for more than four or six days. She had to go into port every week.

The CHAIRMAN. That is what the officers like, is it not?

Capt. FARIS. They do not. I was an officer on board one of the ships for a great many years, and I much preferred to stay out and do my work. I did not go on shore and run around.

The CHAIRMAN. Tell us about the nonessential things in here that you can get along without. You must show us how you can get along without some of these things, because we will make you get along without them anyway.

Capt. FARIS. We left out all of the things that we could get along without before presenting the estimate to you.

The CHAIRMAN. You must cut out a few more things and show us where they are.

Capt. FARIS. There are no luxuries in here. All that we propose to do under this estimate is to make it so that our people can do their work properly.

The CHAIRMAN. They are not working on board the ship, but they work on land, as I understand it.

Capt. FARIS. The ship is at work also.

The CHAIRMAN. What does the ship do?

Capt. FARIS. She is surveying and running sounding lines. In the West Indies, when I was down there, we sent out launches to do work close to shore and the ship worked off shore, but the people all live on board the ship.

The CHAIRMAN. That is practically the same work that the mine sweepers do, and you do not need any special facilities for that.

Capt. FARIS. But they must go on board at night.

The CHAIRMAN. We want to know where to cut this estimate.

Capt. FARIS. I do not know of any place to cut it, I am sorry to say.

The CHAIRMAN. Then we will cut it for you.

Capt. FARIS. I hope you will not.

The CHAIRMAN. We would rather cut it along lines that you could suggest.

Capt. FARIS. I would be glad to help you if I knew how to do it.

NEW BOATS.

The CHAIRMAN. I am not in favor of giving you these new boats at a cost of $5,900.

Capt. FARIS. We will be handicapped with the number of boats we have, and we can not work without them.

The CHAIRMAN. You want electric launches or steam launches?

Capt. FARIS. No, sir.

The CHAIRMAN. You say you do.

Capt. FARIS. We want a motor of some kind in the boats. The gasoline motor is generally used.

The CHAIRMAN. How many of them would you build?

Capt. FARIS. We would carry the boats represented right here, or four.

The CHAIRMAN. How many do you have now?

Capt. FARIS. I understand there are only two of those boats there now.

The CHAIRMAN. You will build two more?

Capt. FARIS. Yes, sir.

The CHAIRMAN. You want $5,950 to build two of those boats?

Capt. FARIS. They will have to have engines in them. That means $2,500 apiece, and you can not buy them for any less.

The CHAIRMAN. It is more than that. It means $3,000 apiece, or $2,975 apiece.

Capt. FARIS. That is our experience.

The CHAIRMAN. Do you mean to tell me that these boats cost $3,000 apiece?

Capt. FARIS. Yes, sir.

The CHAIRMAN. What kind of boats are they?

Capt. FARIS. These boats will be about 30 feet long, or from 24 feet to 30 feet.

The CHAIRMAN. Boats 100 feet long, carrying 200 tons, equipped with compound engines, and capable of towing barges carrying 1,000 tons of freight, can be procured for $10,000. You propose to pay $3,000 for one of these little launches?

Capt. FARIS. They are working boats, and there is nothing fancy about them.

The CHAIRMAN. The price is outrageous.

Capt. FARIS. We have examined into the cost, and they are paying from $850 to $950 for a 24-foot whaleboat to-day. These boats are a good deal bigger than whaleboats; they carry engines and fuel tanks.

The CHAIRMAN. Is there anything else you care to say about this?

Capt. FARIS. No, sir; we have made up this estimate and have made it to cover as little change as possible in these ships.

The CHAIRMAN. Suppose you did not get any of it, what would you do?

Capt. FARIS. We would have to do without.

The CHAIRMAN. You would get along without it?

Capt. FARIS. No, sir; we could not do our work properly without it, but we would have to do just as we have done in the past, or just as we have done without new ships for a number of years. The work is there to be done, and it has been waiting for many years to be done.

The CHAIRMAN. There is $8,000 here that nobody knows anything about. You do not even know anything about that?

Capt. FARIS. I know only this: I do not know what specific items that will turn out to be, but I do know that this ship has been overhauled now, together with the engine and machinery, and I do know

she has been laying up for a while. I know that when we make structural changes in the ship and try it out, we will find it necessary to make some further adjustments. That has been our experience with all ships, and it is the experience of every ship that ever went to sea. Those things that you can not foresee turn up, and how much they will amount to, I can not say. If there is any more information I can give, I will be glad to do it. I might say this, that our officer has been over this ship, and this is to cover other things that are certain to be required. Our officer has been over the ship, and there are some miscellaneous things that apparently must be done. What I mean by apparent things are things that will have to be done, but when that is done, they can not estimate what other things may have to be done. We have made the estimates upon the basis of the fairest price we could get, and we have made them upon the basis of the least changes that could be made under which we could get along at all.

The CHAIRMAN. Prices are very much lower than they were last August.

Capt. FARIS. When we go out for bids, we do not find them so much lower.

The CHAIRMAN. The prices of labor and material are coming down.

Capt. FARIS. Frankly, I think that to do the things outlined here will cost more than the amount estimated.

The CHAIRMAN. We are very much obliged to you.

FRIDAY, FEBRUARY 17, 1922.

DEPARTMENT OF THE INTERIOR.

STATEMENTS OF MR. J. F. ABEL, FORMERLY CHIEF CLERK OF THE BUREAU OF EDUCATION, AND MR. EDWARD B. FOX, DEPUTY CHIEF DISBURSING CLERK, DEPARTMENT OF THE INTERIOR.

CREDITS IN ACCOUNTS OF CHIEF DISBURSING CLERK.

PAYMENT FOR MANUSCRIPT WORK FOR BUREAU OF EDUCATION.

The CHAIRMAN. You appear to have quite a number of cases here in which you are asking that the General Accounting Office be authorized to credit the accounts of the chief disbursing clerk of the Interior Department for payments which, I presume, were made without being authorized by law. Is that right?

Mr. ABEL. I think they were authorized by law. We had been making payments for such purposes in that way.

The CHAIRMAN. Tell us why you come to us with these cases?

Mr. ABEL. We had been making payments of this kind for manuscripts and work of this character in the Bureau of Education. Dr. Claxton tells me that it had been done for about 10 years. We had been doing it certainly since July, 1918, when I first came there as chief clerk. The auditor found that there was some defect in the form in which the contracts were made, and held up those contracts.

The CHAIRMAN. What authority was there for contracting for the obligations in the first instance?

Mr. ABEL. The work was done under direct appropriations for school and home gardening and for a register of teachers.

Mr. BYRNS. Were these payments made for manuscripts prepared by these various individuals?

Mr. ABEL. Yes, sir.

Mr. BYRNS. It was for the preparation of manuscripts which were put out in the form of bulletins?

Mr. ABEL. Yes, sir.

Mr. BYRNS. Prepared by persons not employed in the bureau?

Mr. ABEL. They were not employed at the time they did this work, but they had been.

The CHAIRMAN. Is it true that the appropriation did not authorize the employment of people who were not engaged as regular employees in the service of the bureau?

Mr. ABEL. Undoubtedly it did authorize making contracts with such people.

The CHAIRMAN. I do not understand it, and I am trying to find out what you want.

Mr. ABEL. The Auditor for the Interior Department in the Treasury Department held up those claims after Mr. Evans had paid them. He held them up upon the ground that the Interior Department was required to make its contracts on a special form. I believe the Navy Department and the War Department must also use this form. We had not been using it and did not use it for these claims.

The CHAIRMAN. You had not made any contracts at all, but simply allowed them to prepare manuscripts or articles, for which you paid them?

Mr. ABEL. We had contracts in the form of proposals.

Mr. SISSON. Did you have any authority of law to pay for such manus ripts under any conditions?

Mr. ABEL. Yes, sir.

Mr. SISSON. Where is the statute that authorized the Bureau of Education to do that?

Mr. ABEL. This particular one is the act of March 1, 1919—

For investigation of school and home gardening in cities and manufacturing towns, including personal services in the District of Columbia and elsewhere. $25,000.

The CHAIRMAN. That was for an investigation, and they went to writing manuscripts?

Mr. ABEL. The investigation would not have been very helpful to us if the results had not been written up, I think.

The CHAIRMAN. They might have been written up by those who were in the service of the Government.

Mr. SISSON. Is there any other authority for this?

Mr. ABEL. I think the act creating the bureau gives authority for it.

The CHAIRMAN. That is not any authority.

Mr. SISSON. You are asking here for certain sums that were denied by the auditor.

Mr. ABEL. Yes, sir.

Mr. SISSON. Did they seek to pay it out of this $25,000?

Mr. ABEL. Yes, sir.

Mr. SISSON. Was there a balance left in this appropriation of $25,000 that went back into the Treasury, or a sufficient balance to cover these amounts?

Mr. ABEL. Yes, sir; there was.

Mr. SISSON. These amounts here, then, are within the $25,000 appropriation?

Mr. ABEL. Yes, sir.

Mr. SISSON. The parties who did the work got their money?

Mr. ABEL. Yes, sir.

Mr. SISSON. Then the proper authorities of the Treasury Department charged this sum up to Mr. Evans, the disbursing clerk?

Mr. ABEL. Yes, sir.

Mr. SISSON. Because he disbursed money which the Treasury Department contended he had no authority to disburse?

Mr. ABEL. They contended that the contract was not in right form.

Mr. SISSON. They contended that the money was improperly paid out, and charged it up to Mr. Evans, the disbursing clerk?

Mr. ABEL. Yes, sir.

Mr. SISSON. Is there any statute which requires these contracts to be made in a certain form, or was that simply a regulation of the department?

Mr. ABEL. There is a statute that requires the Interior Department, the Navy Department, and the War Department to have these contracts made up on a certain form.

Mr. SISSON. As I understand it, in making a contract that would be binding upon the Government, they were required to comply with certain conditions set out in the statute?

Mr. ABEL. Yes, sir.

Mr. SISSON. You must have a proposal made and the proposal accepted, and then the proposal and acceptance must be reduced to the form of a contract?

Mr. ABEL. Yes, sir.

Mr. SISSON. That is the way it is in the Navy Department, and I presume the same provision applies here. You got it up to the point of the proposal, or the meeting of minds, but you did not complete it by putting it in the contract form required by the statute.

Mr. ABEL. No, sir; we had the proposal.

Mr. SISSON. You had the proposal and acceptance?

Mr. TBEL. We had the proposal, acceptance, and agreement.

Mr. SISSON. You had the proposal and acceptance, but you did not have it in the form of a written contract agreement?

Mr. ABEL. We did not put it in the form of another contract.

Mr. SISSON. You did not put it in the form of a contract at all, because if you had, you would have complied with the statute.

Mr. ABEL. The proposal and agreement which we had used had been accepted as a contract for a number of years.

Mr. SISSON. But you did not have a legal contract, or the Treasury Department would not have turned it down. In other words, you failed to comply with the statutory regulations, which required you to put that contract into a certain form and to have it signed by the proper parties?

Mr. ABEL. Yes, sir; that is true.

Mr. BYRNS. The service was rendered and was perfectly satisfactory?

Mr. ABEL. Yes, sir; and was paid for.

Mr. SISSON. In other words, while it is an equitable claim against the Treasury, it is not a legal one, because, while the work was performed, there is no such thing as a quantum meruit as between an individual and the Government, but he must comply with the "Thus saith the law." I think I understand it, but I would like very much to see in what form you were required to make a contract. In other words, I would like to have the record show the statute under which the Treasury Department turned down the account.

Mr. ABEL. It is section 3744 of the Revised Statutes.

Mr. Fox is somewhat better informed on the legal side than I am.

Mr. FOX. My name is Edward B. Fox, and I am deputy chief disbursing clerk of the Department of the Interior.

The CHAIRMAN. Where is the disbursing clerk, Mr. Evans?

Mr. FOX. Mr. Evans is not able to be here to-day. I am his deputy.

The CHAIRMAN. Section 3744 of the Revised Statutes reads as follows:

It shall be the duty of the Secretary of War, of the Secretary of the Navy, and of the Secretary of the Interior, to cause and require every contract made by them severally on behalf of the Government, or by their officers under them appointed to make such contracts, to be reduced to writing and signed by the contracting parties with their names at the end thereof; a copy of which shall be filed by the officer making and signing the contract in the returns office of the Department of the Interior, as soon after the contract is made as possible, and within 30 days, together with all bids, offers, and proposals to him made by persons to obtain the same, and with a copy of any advertisement he may have published inviting bids, offers, or proposals for the same. All the copies and papers in relation to each contract shall be attached together by a ribbon and seal, and marked by numbers in regular order, according to the number of papers composing the whole return.

Section 3745 reads:

It shall be the further duty of the officer, before making his return, according to the preceding section, to affix to the same his affidavit in the following form, sworn to before some magistrate having authority to administer oaths: "I do solemnly swear (or affirm) that the copy of contract hereto annexed is an exact copy of a contract made by me personally with ——— ———; that I made the same fairly without any benefit or advantage to myself, or allowing any such benefit or advantage corruptly to the said ——— ———, or any other person; and that the papers accompanying include all those relating to said contract, as required by the statute in such case made and provided.

Section 3746 reads:

Every officer who make any contract, and fails or neglects to make return of same, according to the provisions of the two preceding sections, unless from unavoidable accident or causes not within his control, shall be deemed guilty of a misdemeanor, and shall be fined not less than $200 nor more than $500, and imprisoned not more than six months.

Section 3747 reads:

It shall be the duty of the Secretary of War, of the Secretary of the Navy, and of the Secretary of the Interior to furnish every officer appointed by them with authority to make contracts on behalf of the Government with a printed letter of instructions, setting forth the duties of such officer, under the two

preceding sections, and also to furnish therewith forms, printed in blank, of contracts to be made, and the affidavit of returns required to be affixed thereto, so that all the instruments may be as nearly uniform as possible.

Mr. CANNON. Is that all the law there is?

Mr. SISSON. That is enough.

Mr. CANNON. But you can not make contracts about things that are not authorized by law.

The CHAIRMAN. No; but these men——

Mr. CANNON (interposing). Where is the authority for making this contract?

The CHAIRMAN. The authority for making the contract is in that law, but they did not carry out the law.

Mr. SISSON. They did not make the contract in accordance with the law and did not comply with its terms.

The CHAIRMAN. The Accounting Office rendered a decision in this case which reads like this:

These vouchers have been designated for payment, and paid by the disbursing officer from the appropriation for "investigation of school and home gardening, Bureau of Education, 1920," the auditor disallowed credit on the ground that this appropriation was not available therefor during the fiscal year 1921 for the reasons set forth in 27 Comp. Dec., 970. The application for revision of the auditor's action was in effect a request that these payments be charged to the appropriation for "investigation of rural and industrial education, 1921," there having been submitted to the auditor by the disbursing officer a copy of a letter dated June 1, 1921, from the Commissioner of Education to the Secretary of the Interior, stating that these vouchers might be properly charged to that appropriation. In the former decision now sought to be reconsidered the auditor's action was affirmed on the sole ground that the balance apparently remaining to the credit of the appropriation for "investigation of rural and industrial education, 1921," was insufficient to cover the vouchers in question. Through the redeposit of funds placed to the credit of this disbursing officer on account of this appropriation the apparent balance on the books of the Treasury to the credit of this appropriation is now greater than the amount involved in these vouchers, and the request for reconsideration is based upon that fact. The disbursing officer's appeal will, therefore, be now considered upon its merit.

The General Accounting Office ruled that they had no right to make payments out of the appropriation for 1921, and does not say it was because the form of the contract was not carried out.

Mr. FOX. I think the gist of the comptroller's decision was that the proposal and acceptance did not constitute a binding contract; that it was not a formal contract under section 3744 of the Revised Statutes. He held, in effect, that it was not such a contract as would make the balance of the appropriation available for expenditure during a subsequent year. It was largely on that ground that he made the disallowance.

The CHAIRMAN. He did not hold that it was on account of the failure to make a contract in proper form, but he held that you had no authority to pay it out of the appropriation. That is the effect of his decision. Is there any place where he says anything about the contract?

Mr. FOX. I only base my opinion on his decision, that where there is a formal contract made under the statute it will bind the appropriation.

The CHAIRMAN. But he did not refer to the contract in his decision, did he?

Mr. Fox. I think he did, sir.

Mr. SISSON. This appears on page 13:

The papers in the form of accepted proposals filed with these vouchers as authority for their payment are not such contracts as are required by this statute. Without considering the propriety of these transactions from any other point of view, but assuming for the purposes of this decision that they were properly within the purview of the appropriation so that binding contracts for the payments in question might have been entered into during the fiscal year for which the appropriation was made, it was necessary that such contracts should be executed in the manner prescribed by section 3744 of the Revised Statutes if, in view of the provisions of section 3690 of the Revised Statutes, payments thereunder were to be made after the expiration of the fiscal year for which the appropriation was made.

Now, when the Commissioner of Education was turned down on that demand he then sought to have it paid out of another fund, a different fund than the one out of which he first attempted to have it paid, and he could not have it paid out of that fund because he had not complied with the statute the chairman just read. Now, when he seeks to have it paid out of this other fund then the comptroller in his decision specifically holds that he can not have it paid out of that other fund and declines to allow the payment. The last opinion in this decision seems to have reference to his second application to have it paid out of this other fund.

Mr. Fox. We took the position that if these contracts would not bind——

Mr. SISSON (interposing). Unquestionably you had no authority if the comptroller has properly quoted the statute. The comptroller says in the first part of this opinion that if he had had his contracts in proper form it should have been paid.

Mr. Fox. Absolutely.

Mr. SISSON. So I understand there were two applications for this money. The first one was where he sought to get it under the proper item of appropriation, but he had not complied with the statute that required it to be put in writing.

Mr. BYRNS. Without passing on the question of the allowance of this appropriation by the committee, I do not think Mr. Warwick, the comptroller, held specifically as you say, because he says:

Without considering the propriety of these transactions from any other point of view, but assuming for the purposes of this decision that they were properly within the purview of the appropriation so that binding contracts for the payments in question might have been entered into during the fiscal year for which the appropriation was made, it was necessary that such contracts should be executed in the manner prescribed by section 3744 of the Revised Statutes if, in view of the provisions of section 3690 of the Revised Statutes, payments thereunder were to be made after the expiration of the fiscal year for which the appropriation was made.

Mr. Fox. I desire to make this general statement: These payments, aggregating $2,700, were made by the chief disbursing clerk, Mr. Evans, on vouchers certified to him as correct and just by the then Commissioner of Education, Dr. P. P. Claxton. Subsequently, other vouchers of the same nature were transmitted by the Bureau of Education to the Auditor for the Interior Department for direct settlement. Three of the vouchers transmitted to the auditor were paid by him without question. Thereafter, on May 13, 1921, the Comptroller of the Treasury revised and disallowed these three auditor's settlements, and on August 1, 1921, he likewise disallowed

the payments made by the chief disbursing clerk. The comptroller's reasons for making these disallowances may be summarized as follows:

That the appropriation for "investigation of school and home gardening, Bureau of Education, 1920," designated for the payment of the claims was fully expended at the expiration of the fiscal year for which it was made; that the entering into of agreements in the form of accepted proposals prior to the close of the fiscal year 1920 was resorted to by the Commissioner of Education for the purpose of making the unexpended balance available for expenditure thereafter for purposes which the comptroller assumed the commissioner deemed to be within the intent of the appropriation; that it was necessary that the contracts should be formally executed in the manner prescribed by section 3744, Revised Statutes, if in view of the provisions of section 3690, Revised Statutes, payments thereunder were to be made after the expiration of the fiscal year 1920.

In applying to the comptroller for a revision of his decision of August 9, 1921, the chief disbursing clerk requested, as a matter of accounting, that the payments made by him be charged to the appropriation for "investigation of rural and industrial education, 1921," instead of to the appropriation for the fiscal year 1920 originally designated. In support of that request the chief disbursing clerk referred to a letter from the Commissioner of Education to the Secretary of the Interior wherein the opinion was expressed that the vouchers properly might be so charged. That request was denied by the Comptroller General in his decision of September 7, 1921.

It only remains for me to say that if the chief disbursing clerk erred in not adhering to the strict letter of the law in making his payments the Auditor for the Interior Department likewise erred in subsequently paying similar claims. Certainly these errors, if such they were, were not intentionally committed by the chief disbursing clerk or the auditor.

The vouchers bore evidence by their formal certificates executed by the duly accredited administrative officer that they were correct and just, that the services were necessary and were performed, and that the prices charged were reasonable. It may therefore be reasonably inferred that the Government received full value for the payments. In these circumstances the chief disbursing clerk ought not to be compelled to suffer financial loss.

Mr. ABEL. I would like to add this general statement: The Bureau of Education during that year had these two appropriations for special purposes—one for the investigation of school and home gardening in cities and manufacturing towns and the other for maintaining a register of teachers. It had been customary in the Bureau of Education for the last 10 years to contract with persons who were not employed in the bureau to prepare manuscripts directly bearing on the subjects designated in the appropriations. The contracts for these manuscripts were drawn in the form of proposal and acceptance. This had been considered by the auditors as sufficient and had been paid.

In the items in question the Commissioner of Education acted in good faith, following a precedent that was so long established and the manuscripts were prepared for the bureau of a value quite equal to the amounts designated. In other words, the work has been done

and the payments have been made to the individuals by Mr. George Evans, chief disbursing clerk of the Department of the Interior. Because of a technicality those amounts are now charged against Mr. Evans. It seems unjust that they should be, especially since he and the Commissioner of Education were following a practice that had been customary for so long.

FRIDAY, FEBRUARY 17, 1922.

BUREAU OF INDIAN AFFAIRS.

STATEMENT OF MR. EDGAR B. MERITT, ASSISTANT COMMISSIONER OF INDIAN AFFAIRS.

PURCHASE OF GOODS AND SUPPLIES FOR INDIAN SERVICE, 1920–21.

The CHAIRMAN. For expenses necessary to the purchase of goods and supplies for the Indian Service, etc., you are asking a deficiency appropriation of $3,730.40 for the fiscal year 1920 and $78,000 for the fiscal year 1921. Will you be kind enough to tell us how this happened for these two years and why there has been such delay in presenting these items?

Mr. MERITT. The matter is fully explained in a letter written by Commissioner Burke, dated January 21, 1922, and I think I can save the time of the committee by reading the letter:

JANUARY 21, 1922.

The SECRETARY OF THE INTERIOR.

SIR: There is transmitted herewith in triplicate deficiency estimate of appropriations required for the Indian Service for the fiscal year 1921, and prior fiscal year, in the sum of $83,040.12. Of the total amount of this estimate $81,730.40 is required to meet claims presented for the purchase and transportation of Indian supplies.

Since the last deficiency act, 1921, for payment of audited claims then in the Treasury for 1920 was passed, additional claims payable from the 1920 transportation fund amounting to $3,730.40 have been properly certified to by the Treasury Department, for the payment of which no funds are available; $56,408.97 of the estimate is to cover actual claims for the transportation of supplies shipped in the regular course of business, which claims have been certified by the Treasury Department for payment. The appropriation "Purchase and transportation of Indian supplies, 1921," is exhausted.

The CHAIRMAN. Would there have been enough money in the appropriations to pay these bills if they had been presented in time?

Mr. MERITT. No, sir; there was not a sufficient appropriation to meet the outstanding claims.

The CHAIRMAN. You are referring to 1920 or 1921?

Mr. MERITT. I am referring to both years.

There are still in the possession of the transportation companies a number of accounts for services performed for the Indian Service, a survey of which indicates that eventually an additional sum of $10,000 will be required to liquidate them. This sum is included in the estimate submitted.

In addition to the claims certified by the accounting officers of the Treasury Department the Indian Office has recently sent to that department claims amounting to $7,981.69, payable from purchase and transportation of Indian supplies, 1921, and there still remain in the Indian Office transportation claims payable from the same fund in the sum of $2,316.58.

Mr. MERITT. I was somewhat surprised to see that item in this bill.

The CHAIRMAN. There is no authority of law for it?

Mr. MERITT. There was a separate bill covering this subject which passed the Senate.

The CHAIRMAN. But not the House?

Mr. MERITT. No, sir; we are not asking for a deficiency appropriation, although we have made a favorable report on the bill.

The CHAIRMAN. You do not need it?

Mr. MERITT. We need a part of the money.

The CHAIRMAN. You have not any authority of law for it?

Mr. MERITT. No, sir.

FOR RECONSTRUCTION OF IRRIGATION PROJECT FOR THE LAGUNA PUEBLO.

The CHAIRMAN. The next item is:

For the reconstruction of the irrigation project for the Laguna Pueblo, and for the operation and maintenance of the system, fiscal year 1921, $1,069.05, reimbursable by the Indians benefited, under such rules and regulations as the Secretary of the Interior may prescribe.

How does that occur for 1921?

Mr. MERITT. This amount was expended in excess of the appropriation and was for the transportation of several cars of cement and steel trestles for use in connection with the Laguna Pueblo irrigation system, New Mexico. It is evident that the disbursing agent, in estimating the cost of his work, failed to include the cost of transportation, hence the necessity of a deficiency item to cover the cost of transportation in this connection.

The CHAIRMAN. Why did that not get here sooner; that is reimbursable?

Mr. MERITT. Yes, sir; for 1921.

The CHAIRMAN. Do you get the money back?

Mr. MERITT. Eventually the Indians will be required to pay.

The CHAIRMAN (interposing). What do you mean by eventually?

Mr. MERITT. As soon as they get to farming the land. They will have a period of about 20 years to pay the construction cost of the system.

OPERATION AND MAINTENANCE OF MODOC POINT IRRIGATION SYSTEM, OREGON.

The CHAIRMAN. The next item is, "For operating and maintenance of the Modoc Point irrigation system within the Klamath Indian Reservation, in the State of Oregon, fiscal year 1921, $2.55, reimbursable in accordance with the provisions of the act of March 3, 1911."

Mr. MERITT. This small sum is required for transportation cost of gasoline and roof cement, for which no funds are available for payment.

The CHAIRMAN. Are those bills all audited?

Mr. MERITT. Yes, sir.

The CHAIRMAN. They are all found to be correct?

Mr. MERITT. Yes, sir.

TELEGRAPHING AND TELEPHONES.

The CHAIRMAN. For telegraph and telephone toll messages on business pertaining to the Indian Service you are asking a deficiency appropriation of $35.52 for the fiscal year 1920. Is that an audited account?

Mr. MERITT. Yes, sir. We had an appropriation of $8,000 for that year, but we did not have quite enough money left to meet the telegraph bills outstanding.

The CHAIRMAN. Would there have been enough money in the appropriation to pay these bills if they had been rendered in time?

Mr. MERITT. No, sir; there is a deficiency in that appropriation of this amount.

The CHAIRMAN. This is a deficiency for the fiscal year 1920, and I think these bills should have been rendered long before this.

Mr. SISSON. Why were not the bills presented earlier? The amount is small, but I think the chairman is right about that.

Mr. MERITT. It is an audited claim.

The CHAIRMAN. The fact that you have audited claims of two or three years back does not make them any better.

Mr. MERITT. But we simply did not have enough money to pay the outstanding claims.

The CHAIRMAN. It should have been sent in last year.

Mr. SISSON. There is some reason for it, I presume, but there should not have been this delay.

FOR IMPROVEMENT, MAINTENANCE, ETC., FORT HALL IRRIGATION SYSTEM, IDAHO.

The CHAIRMAN. The next is a deficiency estimate of $11 for the fiscal year 1920.

Mr. MERITT. That is in connection with the Fort Hall irrigation system in Idaho.

The CHAIRMAN. How did this deficiency arise?

Mr. MERITT (reading):

The act of June 30, 1919 (41 Stat., 13), appropriated $50,000 for this purpose, all of which was expended. On June 10, 1921, more than 11 months after the expiration of the fiscal year, the Auditor for the Interior Department, in a settlement of the accounts of a field disbursing officer, transferred an item of $11 to this appropriation from a similar appropriation for the previous fiscal year, but there was then no balance in the 1920 appropriation to which the amount could be charged, thus creating a deficiency and making this item necessary.

PROMOTING CIVILIZATION AND SELF-SUPPORT AMONG INDIANS OF MESCALERO RESERVATION, N. MEX.

The CHAIRMAN. The next item is:

For promoting civilization and self-support among the Indians of the Mescalero Reservation, N. Mex., $250,000, to be expended or distributed in the discretion of the Secretary of the Interior, under such regulations as he may prescribe; to remain available until expended, and to reimburse the United States from the sale of timber on such reservation.

Mr. MERITT. I was somewhat surprised to see that item in
The CHAIRMAN. There is no authority of law for it?
Mr. MERITT. There was a separate bill covering this subj
passed the Senate.
The CHAIRMAN. But not the House?
Mr. MERITT. No, sir; we are not asking for a deficienc
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The CHAIRMAN. Are those bills all audited?
Mr. MERITT. Yes, sir.
The CHAIRMAN. They are all found to be correct?
Mr. MERITT. Yes, sir.

SCHOOL BUILDING FOR ALABAMA AND COUSHATTA INDIANS, POLK COUNTY, TEX.

The CHAIRMAN. The next item is:

For the education of the Alabama and Coushatta Indians located in Polk County, Tex., by the construction of a school building, including equipment, upon land belonging to said Indians, $191.60.

Mr. MERITT. The act of May 25, 1918—40 Stat., 586—appropriated $5,000 for a school building and equipment for these Indians. In 1919 traveling expenses amounting to $54.42 were incurred against this appropriation, and in June, 1921, a contract was entered into for construction, the consideration being $4,925. So far, we were within the appropriation, but when vouchers for advertising for bids came in it was found that they amounted to $212.18. The advertising bills were paid, but when voucher for final payment to the contractor was received there was not enough money left to pay it all, and $191.60 is still due. It would not be possible to avoid deficiencies of this kind without some definite information as to the cost of advertising.

The CHAIRMAN. Is all of this advertising?

Mr. MERITT. The advertising amounted to $212.18.

The CHAIRMAN. On the expenditure of $5,000?

Mr. MERITT. Yes, sir.

The CHAIRMAN. There was too much advertising in that case?

Mr. MERITT. I think so, too.

The CHAIRMAN. Is that bill audited?

Mr. MERITT. Yes, sir.

FRIDAY, FEBRUARY 17, 1922.

GOVERNMENT IN THE TERRITORIES.

TERRITORY OF HAWAII.

COMPENSATION OF GOVERNOR, SECRETARY, AND PRIVATE SECRETARY TO GOVERNOR.

STATEMENT OF MR. W. B. ACKER, ASSISTANT ATTORNEY.

The CHAIRMAN. Did we pass a law to cover this item?

Mr. ACKER. Yes, sir. That act was passed and is what is known as the Hawaiian Homes Commission bill. It became a law on July 9, 1921.

The CHAIRMAN. Is that the law in which Prince Kalanianaole was so much interested?

Mr. ACKER. Yes, sir; that was the one in which he was interested. Section 92 of that act provides:

That the following officers shall receive the following annual salaries, to be paid by the United States: The governor, $10,000; the secretary of the Territory, $5,400; the chief justice of the supreme court of the Territory, $7,500; the associate judges of the supreme court, $7,000 each; the judges of the circuit courts, $6,000 each; the United States district attorney, $5,000; the United States marshal, $5,000. The governor shall receive annually from the United States, in addition to his salary (1) the sum of $1,000 for stationery, postage,

and incidentals, and (2) his traveling expenses while absent from the capital on official business. The governor is authorized to employ a private secretary who shall receive an annual salary of $3,000, to be paid by the United States.

That is the basis of this estimate.

The CHAIRMAN. It has not been paid?

Mr. ACKER. No, sir.

The CHAIRMAN. This is for the intervening time since the enactment of the law?

Mr. ACKER. Yes, sir. I should like to put this in the record.

(The statement submitted by Mr. Acker follows:)

Memorandum as to additional appropriation required to pay increased salaries to Governor and Secretary of Hawaii and private secretary to Governor of Hawaii.

Governor of Hawaii:		
Amount required to pay salary of $10,000 per annum ($27.78 per day), July 9, 1921–June 30, 1922		$9,777.78
Amount required to pay salary of $7,000 per annum ($19.44 per day), July 9, 1921–June 30, 1922		6,844.44
Additional required		2,933.34
Secretary of Hawaii:		
Amount required to pay salary of $5,400 per annum ($15 per day), July 9, 1921, to and including June 30, 1922	$5,280.00	
Amount required to pay salary of $4,000 per annum ($11.11 per day), July 9, 1921–June 30, 1922	3,911.11	
Additional required		1,368.89
Private secretary to governor of Hawaii:		
Amount required to pay salary of $3,000 per annum ($8.33 per day), July 9, 1921, to and including June 30, 1922	2,933.33	
Amount required to pay salary of $2,250 per annum ($6.25 per day), July 9, 1921–June 30, 1922	2,200.00	
Additional required		733.33
Total additional required for increased salaries to above officials		5,035.56

The CHAIRMAN. What was the salary of the governor before this law was passed?

Mr. ACKER. $7,000.

Mr. BYRNS. How about the secretary of the Territory?

Mr. ACKER. The secretary of the Territory gets $5,400.

Mr. BYRNS. What was his salary before?

Mr. ACKER. $4,000.

Mr. BYRNS. How about the private secretary to the governor?

Mr. ACKER. He was paid $2,250.

The Department of Justice, when the first deficiency bill was up, that of December 15, 1921, estimated for the increase in the compensation of the judges, and that was provided for in the deficiency bill. So the department took up the question of the increases in the compensation of the governor and secretary.

Mr. BYRNS. This matter was not submitted at that time?

Mr. ACKER. It was not submitted at the time of the first deficiency bill; no, sir. In submitting this estimate to the Budget officer the Acting Secretary said:

The difference between the amount appropriated and the salaries authorized has not been paid, so no deficiency exists. If, however, it be desired to carry the authorized increases into effect as of July 9, 1921, an additional appropriation will be necessary.

The CHAIRMAN. That is covered in this estimate?

Mr. ACKER. Yes, sir.

FRIDAY, FEBRUARY 17, 1922.

PATENT OFFICE.

STATEMENT OF MR. W. I. WYMAN, CHIEF CLERK.

PRINTING AND BINDING.

The CHAIRMAN. Please tell us about this item of $30,000 for printing and binding?

Mr. WYMAN. The first item is for binding, pure and simple, due to an accumulation of records.

The CHAIRMAN. Do you call this a deficiency?

Mr. WYMAN. We can not get it in any other way. We have always gotten this money under allotment from the Department of the Interior; never, however, sufficient to take care of our needs.

The CHAIRMAN. You want us to give you something now. Will you get this work done if you have the money?

Mr. WYMAN. Yes, sir; we could.

The CHAIRMAN. How do you know you could get the work done if you had the money between now and the 1st of July?

Mr. WYMAN. I can not say. That is why we put in that item which makes it continuous, because we had that situation come up last year; we got $15,000 allotment from the Interior Department and we could use only about one-half.

The CHAIRMAN. This is not all for binding?

Mr. WYMAN. Yes; it is all for binding.

The CHAIRMAN. For binding what?

Mr. WYMAN. Foreign patents and periodicals. We recently got 200,000 patents from Germany which were held up during the war.

The CHAIRMAN. Do you call it a deficiency?

Mr. WYMAN. That is the only way we could get it.

The CHAIRMAN. You probably will not get it this way.

Mr. WYMAN. I would not know any other way to estimate.

The CHAIRMAN. Do you think it is wise to spend a lot of money just now when everybody is trying to get enough to buy food?

Mr. WAYMAN. The expenses of the Patent Office are paid for by the people who utilize the service.

The CHAIRMAN. That does not make any difference. It all belongs to the United States. If we do not pay it out for this purpose it goes to the relief of the taxpayers.

Mr. WYMAN. I understand the situation.

The CHAIRMAN. What you want to do is to get all that comes in and take it out?

Mr. WYMAN. No, sir; we want to give service to the public who are paying for the use of it.

The CHAIRMAN. Is that the only argument you have?

Mr. WYMAN. The need for it, that is all; its urgency, as shown in the following excerpt from a letter to the Secretary of the Interior, making the request for appropriation:

This office has just received about 60,000 numbers of German patents from the German Government, covering a period of issues from January 1, 1916, to a recent date. All previous numbers of such patents, as well as those received from other foreign Governments, are kept in bound volumes in the scientific library of this office for consultation by inventors, manufacturers, and patent attorneys. These bound volumes comprise the only complete record in this country of the "state of the art" as developed abroad; that is, a record of the advance in machinery and industry. These volumes are used constantly and to a large extent. They are of highly utilitarian character, and without these records it would be necessary for manufacturers and industries to send abroad for the vital information contained therein. The receipt of these copies, therefore, makes it immediately essential that they should be bound.

The other item I took up with Mr. Cramton—I do not know whether he made a report to you or not—with regard to the issue of patents and the printing of specifications and the Official Gazette. There is a case where we are obliged by law to print these specifications and the Gazette. It is all preceded by the payment of a specific fee of $20. That is not included in here.

The CHAIRMAN. That is in the other item?

Mr. WYMAN. That is pure guesswork. The reason we put that in was that if the demand comes we would have money for it. We do not know what the demand will be, and we can not use it except for that specific purpose. So, if we can not use it, the money is turned back to the Treasury.

The CHAIRMAN. It is all appropriated in the meantime?

Mr. WYMAN. Yes, sir.

The CHAIRMAN. You have other appropriations?

Mr. WYMAN. We are running neck and neck. Last year we spent $645,000, and this year only $585,000 is provided. The situation is aptly summed up in the transmission of the estimate from the Acting Secretary of the Interior to the Budget Bureau, in the following words:

As stated in the accompanying copy of a letter of the Commissioner of Patents, of the appropriation of $585,000 for this printing, there has been expended for the first six months in the present fiscal year $284,000, and the estimated obligations for the month of January, 1922, is $56,000, or a total for the seven months of the present fiscal year of $340,000; that the output of patents is estimated to run for the five remaining months of the present fiscal year at a rate of 10 per cent greater than up to the present time. The patent issues of February 7 and 14, the numbers of which are approximately known, will average about 780 an issue, which is more than 10 per cent above the average issues of the seven months previous thereto.

On this basis for the five months period beginning February 1, there would be required $268,000, which added to the sum of $340,000 expended for liabilities incurred up to February 1, and $7,000 for indices, will make the total required under this appropriation for the year $615,000, the difference between which and the present appropriation of $585,000 is $30,000, which it is desired to have provided for as a deficiency.

WEDNESDAY, FEBRUARY 15, 1922.

DEPARTMENT OF JUSTICE.

STATEMENT OF MR. DAVID D. CALDWELL, SPECIAL ASSISTANT TO THE ATTORNEY GENERAL.

PAYMENT OF WITNESSES, ETC., WASHINGTON MARKET CO.

The CHAIRMAN. You are asking that—

Not to exceed $5,000 of the appropriation of $53,000 made in section 6 of the act approved March 4, 1921, entitled "An act to repeal and annul certain parts of the charter and lease granted and made to the Washington Market Co. by the act entitled 'An act to incorporate the Washington Market Co.' approved May 28, 1870," in addition to the sum not in excess of $3,500 provided for the same purpose by the act approved December 15, 1921 (Public No. 399, 66th Cong.), is made available to enable the Attorney General to compensate expert witnesses and pay necessary expenses incident to the duties imposed upon him by section 7 of the said act approved March 4, 1921.

We have already authorized $3,500.

Mr. CALDWELL. Yes, sir.

The CHAIRMAN. And you want $5,000 more?

Mr. CALDWELL. Yes, sir; in addition to the $3,500. When I asked for and you allowed that $3,500 the case had just barely gotten under way; since then it has been terminated. The market company went into its case with considerable detail; it took them 54 days to put in their case; I do not mean they took testimony on each one of those days, but it ran from December 12 up to a week ago last Friday.

The CHAIRMAN. You want $8,500 instead of $3,500?

Mr. CALDWELL. Yes, sir.

The CHAIRMAN. Out of the $35,000?

Mr. CALDWELL. Yes, sir.

The CHAIRMAN. Tell us why you need that additional amount.

Mr. CALDWELL. The extending of the time for the taking of the testimony—that is, the extending of the time taken by the market company to put in its case—necessitated our having at our elbows the experts we had employed to advise us. They were technical men.

The CHAIRMAN. You had to have them for a longer period?

Mr. CALDWELL. Yes, sir.

Mr. BYRNS. What do you have to pay expert witnesses?

Mr. CALDWELL. In no case are we paying more than $50, and we pay no more than that in this case.

The CHAIRMAN. That is for their actual time?

Mr. CALDWELL. Not only for their actual time in the courtroom but their time in preparing the case. The Attorney General made an order forbidding us to pay more than $50 except on his order, and we have not had to go to him in this case for more than that amount.

The CHAIRMAN. How many expert witnesses did you have in connection with this case?

Mr. CALDWELL. We have had seven witnesses who appeared on the stand; and, then, we have had other men who were not brought in as witnesses but who helped on the work.

The CHAIRMAN. These men were builders?

Mr. CALDWELL. They are refrigeration experts.

The CHAIRMAN. Do they calculate the value of the construction work and tell you the cost of reconstruction, and all that?

Mr. CALDWELL. Yes, sir; the cost of reconstruction and building.

The CHAIRMAN. Is this award to be made on the basis of the present cost of construction?

Mr. CALDWELL. The Market Co. put in its case on that theory—that it was entitled to the present production value.

The CHAIRMAN. Less deterioration?

Mr. CALDWELL. Yes; less depreciation. The Market Co. sought to have the depreciation deducted—and that amounted to very little—on each item of machinery, brickwork, lumber, etc. The Government introduced their income-tax returns——

The CHAIRMAN (interposing). How long have these buildings been up?

Mr. CALDWELL. The earliest building was completed in 1872.

The CHAIRMAN. The life of buildings of the character of these market buildings ought not to be over 50 years, and on the basis of a 4 per cent depreciation annually there would not be any value to the buildings at this time.

Mr. CALDWELL. Of course, that is true and that was discussed, but the buildings are there, are functioning, and are actually in use.

The CHAIRMAN. They are there, but certainly they are not worth anything like new buildings.

Mr. CALDWELL. Absolutely not.

The CHAIRMAN. What is your contention about the depreciation?

Mr. CALDWELL. We, through our witnesses, allowed for a life of 150 years for the brickwork, which is very liberal.

The CHAIRMAN. You should never have allowed over 50 years.

Mr. CALDWELL. They introduced evidence to show that brick buildings are standing which were built 150 or 200 years or more ago and, of course, that is true.

The CHAIRMAN. That is true, but there is a process of decay.

Mr. CALDWELL. We are able to attach a greater percentage of depreciation to the cold-storage plant.

The CHAIRMAN. Which will depreciate more rapidly?

Mr. CALDWELL. Yes, sir; the cold-storage plant will depreciate more rapidly, the machinery, the boilers, and so on.

The CHAIRMAN. I should think that 10 years would be a good life for stuff of that kind.

Mr. CALDWELL. Ten years and perhaps longer.

The CHAIRMAN. What you want is to have us give you authority to use $8,500 out of the $35,000?

Mr. CALDWELL. Yes, sir.

The CHAIRMAN. Will there be enough in this $35,000 to pay all the expenses of this award?

Mr. CALDWELL. I made this estimate, with the approval of the commission, providing an item so as to allow us not in excess of the amount we ask, so if we do not use the full amount it will be available to the commission. It does not increase the appropriation.

The CHAIRMAN. There will not be anybody coming back here for more than $35,000?

Mr. CALDWELL. No, sir; absolutely not. The commission are to be paid out of this and the chairman of the commission and the other members are agreeable to it.

The CHAIRMAN. What is the compensation paid?

Mr. CALDWELL. That is determined by the President. The Department of Justice has nothing to do with that.

THURSDAY, FEBRUARY 16, 1922.

DEPARTMENT OF JUSTICE.

STATEMENTS OF MR. WILLIAM W. HOPPIN, ASSISTANT ATTORNEY GENERAL, CUSTOMS DIVISION; MR. CHARLES E. STEWART, CHIEF CLERK; MR. JOHN D. HARRIS, CHIEF DIVISION OF ACCOUNTS; MR. E. M. KENNARD, ADMINISTRATIVE ACCOUNTANT; AND MR. C. R. SHERWOOD, IN CHARGE OF SUPPLIES.

SUPREME COURT, DISTRICT OF COLUMBIA.

FEES OF WITNESSES.

The CHAIRMAN. For fees of witnesses, Supreme Court, District of Columbia, you are asking $3,500. In 1921 you expended $18,568.86; you estimated $18,500 for 1922, and received $15,000, and for 1923 you estimated $18,500.

Mr. KENNARD. The fees of witnesses are fixed by statute. The congested condition of the docket in the District of Columbia is such that the activity of the court is proceeding at a rather increased rate. We have no means of reducing these expenditures; they arise automatically.

The CHAIRMAN. You disbursed during the September quarter $2,116.81, during the December quarter $5,334.07, and you estimate disbursements during the March quarter of $5,500 and during the June quarter $5,500, which would bring you up to $18,450.88. Do you think you will need all of that amount?

Mr. KENNARD. It will all be needed, undoubtedly, unless for some unforeseen reason the courts should adjourn early in June or several of the judges should be taken ill. Barring such exceptional conditions, it will all be needed. We expended during the first six months of this year more money for witness fees than we paid during the first six months of the previous year.

Mr. HARRIS. The March and June quarters are the heaviest quarters.

The CHAIRMAN. These witnesses are paid statutory fees?

Mr. KENNARD. Yes, sir

The CHAIRMAN. And mileage?

Mr. KENNARD. Mileage if they travel to attend, but a great many of them receive only per diems. Those coming from out of town receive mileage also. If witnesses are Government employees, they get their actual expenses only.

The CHAIRMAN. You can not control this situation?

Mr. KENNARD. No, sir. Our balance in this fund at present is $4,731.41, and we have about five months to run at $1,800 a month, making $9,000 needed.

The CHAIRMAN. What is the average expenditure per month?

Mr. KENNARD. During the last half of the year it will average at least $1,800 per month. The courts are very active now, and I am informed there are 20 homicide cases to be tried this year.

The CHAIRMAN. So it looks as though you have a case from which we can not very well escape.

Mr. KENNARD. Yes, sir; in fact, the marshal's office reports a larger deficiency, but, desiring to be conservative, we reduced the estimate to $3,500.

FEES OF JURORS.

The CHAIRMAN. For fees of jurors you are asking $10,000. Are these fees paid out of the District revenues and the Treasury, 60 per cent and 40 per cent?

Mr. KENNARD. Yes, sir. The pressure of business has been so great that a little change has been made in the arrangement of the courts here in the District. There is now an extra jury court, making an additional jury, which will cost, for 26 jurors, $78 per day. This has been in effect since about the 1st of November, so that there will be eight months of extra cost for an additional jury, or about $10,000, which is the amount of this deficiency.

The CHAIRMAN. You expended in 1921 $53,751.

Mr. KENNARD. Yes, sir.

The CHAIRMAN. You estimated $70,000 for 1922 and were granted $60,000, and I notice you are only estimating $55,000 for 1923.

Mr. KENNARD. Yes, sir. That is because the additional jury court had not developed at the time the estimate was made. At the time we made the estimate for 1923 there were two criminal, two civil, and two equity courts; now we have two criminal courts, three civil courts, and one equity court; so that there is only one nonjury court, and we have five jury courts instead of four. When the estimate for 1923 was submitted there were only four jury courts. We will have to request additional funds for 1923, unless the judges should change back to the old system in the meantime.

Mr. BYRNS. You really might get along with $5,000 more this year.

Mr. KENNARD. I think not, sir.

Mr. BYRNS. You have estimated $55,000 for next year; I understand this new court involves an expenditure of $10,000, which would make $65,000 for next year.

Mr. KENNARD. If the courts run continuously without any break we will undoubtedly need the entire $10,000, because we only have a balance of $25,000 on hand.

The CHAIRMAN. You have only four months to run?

Mr. KENNARD. Four months to run at $9,000 per month, approximately, which will be $36,000, so that we will undoubtedly need this entire amount, unless, as I stated in connection with the witness fees, the courts adjourn at an earlier date than usual, which is not anticipated, or adjourn for some such reason as the illness of judges. Of course, as with the witness fees, these are fixed statutory fees, and over this particular fund the department has absolutely no control.

PAY OF BAILIFFS.

The CHAIRMAN. The next item is pay of bailiffs, for which you ask $1,000. Are those bailiffs employed in the District courts?

Mr. KENNARD. In the District of Columbia courts. The entire expense under this appropriation is very easily stated. There is a fixed statutory pay roll of $27,600 for 17 bailiffs and 6 criers, at $1,200 each; Congress has provided for jury commissioners, who will receive $750; and the remainder we are requesting for feeding held juries. We have a great many cases approaching in which it will evidently be necessary to hold the juries together and feed them. We have already paid $118 this year for that purpose. Even with this deficiency, you will notice that the appropriation will be less than it was for the previous year.

The CHAIRMAN. You want $1,000 additional?

Mr. KENNARD. Yes, sir. Congress changed the law relative to jury commissioners. The expense of jury commissioners in 1921 was $1,630, whereas it can not be over $750 hereafter.

The CHAIRMAN. According to your own statement, you would not need more than $750 of this $1,000.

Mr. KENNARD. We need $28,350, without allowing any money whatever for feeding the juries.

The CHAIRMAN. You have $150 for that purpose.

Mr. KENNARD. We have already expended this year for feeding jurors $118. During the previous year we used $700 for this purpose, so it is pretty clear we will need the $29,000.

MISCELLANEOUS EXPENSES.

The CHAIRMAN. For miscellaneous expenses you ask a deficiency appropriation of $1,000, the item reading:

For such miscellaneous expenses as may be authorized by the Attorney General for the Supreme Court of the District of Columbia and its officers, including the furnishing and collecting of evidence where the United Stats is or may be a party in interest, including also such expenses other than for personal srvices as may be authorized by the Attorney General for the Court of Appeals, District of Columbia, fiscal year 1921, $1,000.

SETTLEMENT OF THE ESTATE OF F. W. PLUGGE.

What does that consist of?

Mr. KENNARD. The money is needed to settle with the estate of Mr. F. W. Plugge. He was appointed by the court as a commissioner to hear testimony and determine the value of certain lands needed for the improvement of the Water Reed Hospital grounds. Condemnation proceedings were instituted.

The CHAIRMAN. Is he dead?

Mr. KENNARD. Yes, sir; and that is the reason this item must be paid from the appropriation for the fiscal year 1921. There were three commissioners, each ordered to be paid $1,000, but this commissioner died before the close of the fiscal year 1921, and hence, under the ruling of the General Accounting Office, he must be paid from the appropriation for the fiscal year 1921; he can not be paid as the other two will be paid, from the current appropriation.

The CHAIRMAN. It is not a deficiency, then? You would have enough money in the appropriation to make this payment if it were not for the ruling of the accounting office?

Mr. KENNARD. We would pay the bill from the appropriation for the current year if the commissioner had not died. I can not truthfully say it is not a deficiency, because the appropriation for the current year did not contemplate and is not sufficient for the payment of this $3,000. We may have to request the committee later to give us some help with regard to the other $2,000. Such commissioners are paid from the appropriation for the year in which the work is concluded, but in this case it could not be done because of the death of the commissioner prior to the issuance by the court of the order for payment.

The CHAIRMAN. Did he complete the work for which he was appointed?

Mr. KENNARD. He did practically the same work as the other commissioners.

Mr. HARRIS. He completed the work and a report was filed, but the fee was not fixed prior to his death—that is, prior to the beginning of this fiscal year.

SUPPORT OF CONVICTS.

The CHAIRMAN. The next item is for the support of convicts. "For the support, maintenance, and transportation of convicts transferred from the District of Columbia; expenses of shipping remains of deceased convicts to their homes in the United States," etc., you are asking a deficiency appropriation of $50,000. Why do you want this additional money?

Mr. KENNARD. I have computed the probable expense under this appropriation very carefully. The ascertained liabilities for the first half of the year are $78,600, leaving out the odd dollars; allowing the same amount for the second half of the year would make a total of $157,200. We have asked for $175,000 because 38 additional prisoners were carried to Leavenworth in December whose subsistence, at 85 cents a day, will amount to $5,800.

The CHAIRMAN. You say you computed this item at $157,000?

Mr. KENNARD. Yes; $157,000.

The CHAIRMAN. Why do you ask $175,000?

Mr. KENNARD. We have just carried 38 additional prisoners to Fort Leavenworth whose subsistence for the rest of the year, at 85 cents a day, will amount to $5,800, and on account of the increasing activities of the courts here we have added $10,000 for prospective additional prisoners during the latter half of the year.

The CHAIRMAN. But you have passed the latter half of the year, have you not?

Mr. KENNARD. We have over five months to anticipate. The estimate of $10,000 is added to care for additional prisoners. The difficulty in making a close estimate on this fund is complicated by the fact that we do not know just how many prisoners will be paroled or when they will be paroled. If a prisoner is paroled, the expense to the Government for that man ceases.

The CHAIRMAN. You think it will not be less than $163,000 anyway?

Mr. KENNARD. It will certainly be $163,000; that much is in sight, and we have allowed an additional amount for new prisoners. It seems probable, from the condition of the Federal court business here, that there will be a great many more prisoners to care for.

AVERAGE MAINTENANCE COST OF PRISONERS AT FEDERAL PENITENTIARIES.

The CHAIRMAN. You say they cost you 85 cents a day?

Mr. KENNARD. They are costing about 85 cents a day at Fort Leavenworth and about 81 cents at Atlanta.

The CHAIRMAN. Somebody was up here the other day and said it was only costing 29 cents at Atlanta.

Mr. KENNARD. There was probably some misunderstanding.

The CHAIRMAN. Well, Dr. Votaw.

Mr. KENNARD. That may have been simply the subsistence cost, but that is quite different; this includes all the overhead of the institution.

The CHAIRMAN. But do they not work?

Mr. HARRIS. There are no industrial activities except farming and construction of the institution buildings at Leavenworth, but at Atlanta there is a textile mill. We are endeavoring to bring about a survey of the other two penitentiaries—Leavenworth and McNeil Island—in order to put in some kind of shops that will take up more of the time of these prisoners. Up to this time they have been engaged mainly in building the penitentiary and its various cell wings.

The CHAIRMAN. What makes up the overhead cost for the care of these prisoners and a difference between 85 cents and 29 cents, which is 56 cents a day?

Mr. KENNARD. I suppose the 29 cents covers merely subsistence: the actual cost of meals. I have not the actual data, but that is my understanding. This charge against the District is based upon the entire amount of every kind of expense incident to running the institution, including the salary of the warden, the salary of the deputy warden, the clerks, the guards, the cost of coal transportation, clothing, etc.

The CHAIRMAN. And that is what it amounts to?

Mr. KENNARD. Yes, sir. It varies somewhat according to circumstances, the number of inmates, the time of the year, etc.

The CHAIRMAN. There must be an average cost. What is the average, 85 cents?

Mr. KENNARD. I should say it runs about 80 cents—from 80 cents to 85 cents.

NUMBER OF DISTRICT OF COLUMBIA PRISONERS IN FEDERAL PENITENTIARIES.

The CHAIRMAN. How many prisoners have you there?

Mr. KENNARD. At the close of December we had 360 District of Columbia prisoners at Atlanta, 92 District of Columbia prisoners at Leavenworth, and a few elsewhere; there were 13 in West Virginia and 19 in Rhode Island.

The CHAIRMAN. You say you have 92 at Leavenworth, and you are now dealing with all of them?

Mr. KENNARD. No; just the District of Columbia prisoners.

The CHAIRMAN. But you are dealing with all District of Columbia prisoners who are in all the prisons, at Leavenworth, at Atlanta, and at McNeill Island, are you not?

Mr. KENNARD. We do not have any at McNeill Island.

NUMBER AND MAINTENANCE COST OF PRISONERS AT STATE PRISONS.

Mr. HARRIS. In West Virginia and in Rhode Island we have the women prisoners.

The CHAIRMAN. Does the same per capita cost apply to each of these prisons?

Mr. HARRIS. Not to the State penitentiaries in Rhode Island and West Virginia.

The CHAIRMAN. What do you have to pay there?

Mr. KENNARD. We pay 50 cents a day in Rhode Island and 40 cents a day in West Virginia.

The CHAIRMAN. Why do we not succeed in taking care of these prisoners in Federal prisons as cheaply as in other places?

Mr. KENNARD. That is a broad question, with which Mr. Votaw would be more familiar.

Mr. HARRIS. Because the State institutions do not charge us with the overhead.

Mr. KENNARD. And they probably make the prisoners work.

Mr. BYRNS. There is not a State in the Union that has a charge of 85 cents, is there? My recollection is that in my own State it is about 40 cents.

Mr. KENNARD. We are paying 90 cents in New York.

Mr. HARRIS. We are paying as high in some institutions as $1 a day for female prisoners. They are reformatories, however.

Mr. BYRNS. I mean the State cost.

Mr. KENNARD. I have not a schedule of those rates, but Mr. Votaw's office has.

The CHAIRMAN. Somebody ought to be able to tell us why it costs so much more to run Federal prisons than it does to run State prisons.

Mr. KENNARD. Of course, there is this element to be taken into consideration: The larger the number of prisoners in an institution the less the per capita cost. If we should reduce the number of prisoners at Atlanta to half the number we now have there, the per capita cost would almost double, because the overhead does not go steadily up and down with the number of prisoners. We could probably take care of many more prisoners without materially increasing the overhead. That is one of the important elements always involved in the calculation of costs. Cost computing is one of the most complicated matters with which we have to deal.

The CHAIRMAN. How do the States do it?

Mr. KENNARD. It may be that some of these State institutions carry many more prisoners than we have at Leavenworth or Atlanta.

Mr. HARRIS. They only charge for the subsistence and charge no overhead. I imagine these State institutions are very much more expensive per capita than the Federal institutions.

The CHAIRMAN. Then at that rate we ought to transfer all of these prisoners to the State institutions.

PROFIT FROM OPERATION OF MILLS AT ATLANTA PENITENTIARIES.

Mr. KENNARD. I am inclined to think the Federal Government should care for its own prisoners and make them self-supporting. That is a condition which is in process of development at Atlanta.

The CHAIRMAN. Where?

Mr. KENNARD. By the operation of the cotton duck mill at Atlanta.

The CHAIRMAN. That was several years ago. Are they producing anything?

Mr. KENNARD. They are producing revenue and paying the prisoners a little something.

The CHAIRMAN. Do we get anything out of it?

Mr. KENNARD. The Government gets the profit. The mill is a unit of revenue.

The CHAIRMAN. What do you mean by a profit?

Mr. KENNARD. The annual statement shows a net profit to June 30, 1921, at $63,670.80.

The CHAIRMAN. Is that over all expenses?

Mr. KENNARD. Yes, sir; on the regular business statement of the mill.

NOTE.—See page 418 of the annual report of the Attorney General fiscal year 1921.

The CHAIRMAN. Does it cover all the expenses of the institution?

Mr. KENNARD. Oh, no. Solely the operation of the mill—assets, liabilities, receipts, and expenditures. They have shown a profit in the past and expect to show a much greater profit this year.

Mr. HARRIS. This is the first year they have had contracts from the Navy Department and the Post Office Department. Of course, the product of the mill is only sold to Government activities.

The CHAIRMAN. Are they making cotton?

Mr. HARRIS. Cotton duck.

FURNITURE AND REPAIRS, ETC.

The CHAIRMAN. The next item is, "For furniture and repairs, including carpets, file holders, and cases, $3,000."

Mr. SHERWOOD. That is for the purpose mostly of purchasing transfer cases to which the files are transferred from the upright sections.

FILE HOLDERS AND CASES.

The CHAIRMAN. Is it necessary to have this amount between now and the 1st of July? Can not you wait and take it out of your appropriation for next year?

Mr. SHERWOOD. I understand that the files are filled up and that there is very little space left. There are some requisitions in, waiting for money. This amount will about take care of us for the balance of the year.

The CHAIRMAN. Do you ever try to curtail any of this expense?

Mr. SHERWOOD. The fact that we are emptying the upright file cases and putting the papers in transfer cases would indicate that they were doing everything they could to save.

Mr. STEWART. The upright cases cost a great deal more. We are just buying the transfer cases to empty the upright cases, so that they can be used again.

The CHAIRMAN. If you do not get this money, will you buy the cases out of your next year's appropriation?

Mr. SHERWOOD. We would probably have to put the files now in the upright cases on the floor to make room for the files which they need almost constantly.

The CHAIRMAN. How many of these files do you have to have now?

Mr. SHERWOOD. We need at this time in the neighborhood of 300.

The CHAIRMAN. How much do they cost apiece?

Mr. SHERWOOD. They cost about $4 apiece. Last year, I think, we paid $7.

The CHAIRMAN. That would be $1,200.

Mr. SHERWOOD. Then there are some filing cabinets, and we have some requisitions for other furniture that has been waiting for the money to buy the goods with. The $3,000 will, I think, be needed, Mr. Chairman.

The CHAIRMAN. There is not much to be said about a thing like this. It seems to me that you should be very careful about coming in for a deficiency.

Mr. STEWART. We have no money left in this appropriation, and very important files and papers of the department will have to be taken out of the regular cases and just stacked up. They ought to be in transfer cases eventually.

The CHAIRMAN. You only estimated for $6,000 for 1923?

Mr. STEWART. Yes, sir; that is true. We want to get along with just as little as we can, but with such a large department as we have, $6,000 is a very limited amount with which to pay the current bills.

MISCELLANEOUS EXPENSES, INCLUDING TELEGRAPHING, ETC.

The CHAIRMAN. The next item is, "For miscellaneous expenditures, including telegraphing, etc.," for 1919, 85 cents; for 1920, $361.22; and for 1922, $8,000. Please tell us about this.

Mr. SHERWOOD. Those deficiencies seem to have been caused by the telegraph bills which, of course we did not know anything about at the time. They were in the field and sent from the field in to the department. The companies did not get the bills in.

The CHAIRMAN. Is it an audited amount?

Mr. HARRIS. They are audited, but they have not been sent to the Treasury Department, because under the rule we must obtain a deficiency first.

The CHAIRMAN. What about this one for 1920?

Mr. HARRIS. That is a telegraph bill, the same kind.

The CHAIRMAN. Why is it that we do not get them in earlier?

Mr. HARRIS. We have had a great deal of difficulty with the telegraph companies in submitting their bills promptly. Under the rules of this committee for years the lump-sum appropriations, other than the contingent appropriations, are not available for telegraph bills to and from the department. The bills are often submitted under the lump sum first. We refer them back and then have considerable difficulty in having the companies send in under the proper appropriation. This accounts for the delay.

The CHAIRMAN. What is the $8,000?

Mr. SHERWOOD. For 1922, the current year.

The CHAIRMAN. What is it for?

Mr. SHERWOOD. After having put aside certain allotments, the balance available is $12,000.

The CHAIRMAN. Did you allot the money?

Mr. SHERWOOD. The $40,000; yes, sir.

The CHAIRMAN. In monthly or quarterly allotments?

Mr. SHERWOOD. Quarterly allotments, but on these various items we allotted a certain amount of money and those were deducted from the $40,000 and left a balance, as I say, of $12,000, which has now been entirely exhausted.

The CHAIRMAN. You do not try to live within the appropriation?

Mr. SHERWOOD. Yes, sir; but certain things were necessary to be done, and certain repairs done.

The CHAIRMAN. You do not mean that you consider repairs an emergency to justify a deficiency?

Mr. SHERWOOD. They seemed to think that they had to be done.

Mr. HARRIS. The big bills are telephone and telegraph bills.

Mr. STEWART. The repairs did not amount to a very great deal, and by no means brought about this deficiency. The main reason for this deficiency is the decided increase in the expense for telegraphing and telephoning.

The CHAIRMAN. Is that because they do not use any discretion in the use of the telephone and telegraph?

Mr. STEWART. The Bureau of Investigation has done a great deal of telegraphing and telephoning, and the cost has run up much larger for that purpose than we anticipated.

The CHAIRMAN. Is there any reason why the department should go on disregarding the appropriations; why not live within them?

ALLOTMENTS AND EXPENDITURES FOR MISCELLANEOUS ITEMS FOR 1922.

Mr. STEWART. If you shut off the telegraphing and telephoning, Mr. Chairman——

The CHAIRMAN (interposing). I know, but how much for telegraphing and telephoning? Let us find out how much you paid out for each one of those things.

Mr. HARRIS. About $1,000 a month for telegraphing.

The CHAIRMAN. Let us have a definite, systematic statement of just what items the expenditures were for so that we will really know whether anybody is trying to live within the appropriation. We might as well have it understood that these appropriations are made to be lived up to and not disregarded indiscriminately by the different departments.

Mr. SHERWOOD. The telegraph bill alone last month was very close to $1,000.

The CHAIRMAN. Let us have a definite detailed statement as to how much you spent for each one of these items.

Mr. STEWART. We have not that here, but we will be glad to put it in the record.

The CHAIRMAN. Send it down here so that I can see it. I do not see the record half the time.

Mr. STEWART. We can do that. We can send it to you personally.

The CHAIRMAN. Yes; and I will put it in the record. I want to see it. As far as I am concerned, I am not in favor of these deficiencies at all. I am not in favor of permitting the departments to go on indiscriminately creating deficiencies. There are some things in your department where you can not avoid it, and where you can not control it, but there is not anything in this item that is peculiar.

MEMORANDUM RELATIVE TO CONDITION OF CONTINGENT FUND, DEPARTMENT OF JUSTICE, MISCELLANEOUS ITEMS, 1922.

FEBRUARY 20, 1922.

The following statement shows payments of $2,466.93 and $12,366.13, respectively, for "Light and power" and "Telegraph and telephone service, etc." These payments cover expenses incurred during the first six months only of the current fiscal year.

The expenses for the above-mentioned services covering the period from January 1 to June 30, 1922, will amount to approximately $15,000, while it will be noted that there is at present an available balance of only $12,961.98.

It appears, therefore, that if it were possible to continue until the close of the fiscal year without any additional expense whatever, the balance available, as above stated, is insufficient to meet the cost of light, power and communication service alone.

Statement of the condition of the contingent fund, miscellaneous items, 1922.

Appropriated $40,000.00

	Allotted.	Expended.
Allotments:		
Typewriting machines	$2,000.00	$543.25
Light and power	5,000.00	2,466.93
Telegraph and telephone service, etc	15,000.00	12,366.13
Fuel	4,000.00	1,351.98
Ice	600.00	253.97
Laundry	250.00	74.54
Car tokens	300.00	170.06
Watch service	402.00	201.00
Newspapers	100.00	100.00
Clock service	15.00	7.50
Antiseptic mouthpieces (telephone)	250.00	118.74
Total	27,917.00	17,654.10
Other items	12,083.00	9,385.92
Grand total	40,000.00	27,038.02

Other items	$12,083.00
Lettering on doors	50.50
Addressograph plates	16.79
Express charges	2.36
Repairs to boilers	66.56
Plumbing	280.00
Plumbing supplies	35.95
Hardware supplies	472.93
Labor, moving files	833.50
Drayage	86.29
Books of reference and other publications	794.35
Miscellaneous repair work	86.48
Repairs to typewriting and adding machines	1,313.93
Clocks and repairing clocks	130.50
Rubber stamps	68.17
Newspaper clippings	678.96
Glass	92.53
Soap and soap powders	269.03
Cleaning equipment—dust cloths, brushes	179.88
Packing and shipping supplies	374.54
Elevator inspecting and repairs	421.57

Other items—Continued.	
Electrical and engineering supplies	$184.66
Electric wiring	379.00
Paints, oils, grease	23.17
Carpenter work and painting	947.35
Window shades	47.00
Insecticides	24.40
Maps	127.00
Toilet paper	26.25
Removing awnings	30.00
Chemicals	6.04
Cleaning carpets and rugs	13.68
Electric lamps	552.12
Flags and flag poles	70.50
Lumber	65.00
Photographs	40.00
Picture framing	8.50
Hauling ashes and rubbish	294.50
Postage stamps	53.00
Water coolers, etc	286.96
Total	9,383.92

Mr. HARRIS. The increased business in the courts makes a corresponding increase in telephoning and telegraphing and calls for increased expenditures.

Mr. STEWART. Our estimate for this appropriation for 1922 was $60,000. We only got $40,000.

Mr. KENNARD. We find it very difficult to go backward in the face of increasing business. The two things are hard to manage together. In 1921 we used $54,000 and we have more business to transact on $40,000 than we had on $54,000. It is very difficult to curtail expenses when we have more work.

Mr. STEWART. We have made a conscientious effort to get through with this appropriation. We have to conduct the business as it comes in; we are obliged to.

THURSDAY, FEBRUARY 16, 1922.

MISCELLANEOUS OBJECTS, DEPARTMENT OF JUSTICE.

STATEMENT OF MR. W. W. HOPPIN, ASSISTANT ATTORNEY GENERAL.

CONDUCT OF CUSTOMS CASES.

The CHAIRMAN. You are asking for $3,100 in addition to what has already been appropriated?

Mr. HOPPIN. Yes, sir.

The CHAIRMAN. Please tell us why you want it?

Mr. HOPPIN. Mr. Chairman, during the war, as you know, the business of the customs division was at a very low ebb, due to the lack of imports. The business has been showing a progressive increase. For instance, in the fiscal year ending June 30, 1920, the number of protests was 2,416, and in the fiscal year ending June 30, 1921, the number of protests was 4,863, about 100 per cent increase.

The CHAIRMAN. What effect does the number of protests have on the cost?

Mr. HOPPIN. It means, of course, that each one of those protests has to be tried and the papers have to be examined and gone over, even though the protest in itself does not mean that there will be a trial of that protest, but with such a large increase it means that the actual number of cases coming to trial will show a very large increase.

ADDITIONAL EMPLOYEES.

The CHAIRMAN. What is this $3,100 for?

Mr. HOPPIN. The larger part of it is for an additional attorney and an additional stenographer.

The CHAIRMAN. You think it is necessary to have those men?

Mr. HOPPIN. Yes, sir; I do.

The CHAIRMAN. For the next four months, or can you wait until the 1st of July and put them on then?

Mr. HOPPIN. No; I consider that it is absolutely essential for the proper conduct of the customs cases that we have these additional men now.

The CHAIRMAN. Two men—two employees?

Mr. HOPPIN. Yes, sir; some of the attorneys who have resigned did a large part of their own stenographic work. I consider that is false economy from the Government's standpoint, because if men, instead of attending to the legal business for which they are paid, typewrite briefs and memoranda and various things, that takes an immense amount of time, certainly.

The CHAIRMAN. Were these two places estimated for in the annual bill? This is a deficiency bill. Were they estimated for 1923?

Mr. HOPPIN. Yes, sir; and very much more, in view of the new tariff; of course, we can not tell——

The CHAIRMAN (interposing). The new tariff? That has not passed yet, except the emergency tariff. We do not want to start accumulating expenses on account of something that has not passed.

Mr. HARRIS. This item is not for that. In the bill for 1923 the new tariff bill is taken into consideration. There was an estimate of $74,000 for this year, of which $65,000 was appropriated.

Mr. HOPPIN. Shall I detail the work, Mr. Chairman?

The CHAIRMAN. Yes, sir; I wish you would.

Mr. HOPPIN. I have some samples just to show you the amount of work that has to be done by the attorneys on the docket. We have three boards. There is the average docket for one board alone. Every one of those cases has to be gone into by the attorneys. I have other dockets here.

The CHAIRMAN. Of course, one man does not do all of this?

Mr. HOPPIN. We have another examiner in the office. The work is divided into classification and reappraisement. We have a chief of the classification division and a chief of the reappraisement division, and then I have a man in charge of each one of these boards. They are held responsible for all of these cases, and, of course, they are responsible.

The CHAIRMAN. They are attorneys, all of them?

Mr. HOPPIN. Yes, sir. They are working at night, on the average—I have had three or four attorneys down there until 8 or 9 o'clock every night for the last six weeks. They are working just as hard as they can under high pressure all the time. In addition to that, we have out-of-town calendars which have to be attended to from our office. We have one man going West now who will be away from the office six weeks. We have another man going South who will be away for three weeks, and another man who is going to the Middle West who will probably be away four weeks; that is, three men out of the office at the same time. Those calendars, of course, have to be attended to and properly prepared. We have, due to the new rules of the board, to send the men to those cities in order to prepare these calendars a longer time before the action takes place than before.

The CHAIRMAN. What kind of an attorney can you get for $3,500 a year?

Mr. HOPPIN. That has been one of the difficulties of the situation. We lost one of the best men we ever had in the Customs Service, a man who had been there 20 years, because we could not increase his salary $1,000.

The CHAIRMAN. Men in all lines of business move from one place to another, and as they grow in experience somebody else wants them

and they want to go. It is better sometimes, possibly, to get somebody in their place.

Mr. HOPPIN. I would say that the men are working full time; they are giving more than their full time to the Government, and they are doing their very best.

The CHAIRMAN. You think it is essential to have these two places?

Mr. HOPPIN. Yes, sir; I do.

MARSHALS, DISTRICT ATTORNEYS, CLERKS, AND OTHER EXPENSES OF UNITED STATES COURTS.

The CHAIRMAN. The next item is, "Marshals, district attorneys, clerks, and other expenses of United States courts." Please tell us why you want to strike out the language "including $200,000 for assistant attorneys to enforce the national prohibition act, and including not to exceed $30,000 for clerical help for such assistants."

Mr. HARRIS. That is a reprint of the text of the appropriation.

The CHAIRMAN. It does not mean that you want to increase the amount?

Mr. HARRIS. No, sir.

The CHAIRMAN. It simply means that you do not want it again?

Mr. HARRIS. Yes, sir.

The CHAIRMAN. What is the meaning of the language, "such counsel shall not be required to take oath of office in accordance with section 366, Revised Statutes of the United States?"

Mr. HARRIS. That means that they do not have to take the oath of allegiance.

The CHAIRMAN. They are not Americans?

Mr. HARRIS. No, sir. They are employed in Canada and at the present time in France.

The CHAIRMAN. "$300,000, to be available for expenditure in the District of Columbia." Tell us why you want that?

Mr. HARRIS. The total appropriation for this year is $600,000. Up to date that is the amount appropriated. We expended up to the close of business on the 15th, yesterday, $359,184.79.

The CHAIRMAN. That leaves you still more than the pro rata for the rest of the year?

Mr. HARRIS. No. We have only paid the bills to January in part. The amounts disbursed cover less than one-half of the year. We estimate that we will need a larger amount. As nearly as we can determine they will be paid, $521,446.64.

NUMBER AND COMPENSATION OF SPECIAL ASSISTANT ATTORNEYS.

The CHAIRMAN. The marshals?

Mr. HARRIS. No. This is for all the special assistant attorneys. That makes a total of $852,224.27.

The CHAIRMAN. What are they employed for?

Mr. HARRIS. They are employed to defend suits against the Government and to prosecute cases in which the Government is the prosecutor.

The CHAIRMAN. How many are there?

Mr. HARRIS. We have on the books the exact total, but I would say there were about 170. I can put in the actual number.

The CHAIRMAN. Give us the names and addresses of all those people, with the amounts they are receiving. Let the statement show

what each one is doing and what he is receiving. You have no right to ask us to appropriate a lot of money without giving us full information.

Mr. HARRIS. I can give you the number.

The CHAIRMAN. We want to get the facts. We want to know what they are getting and what they are doing.

Mr. HARRIS. I have a statement here, but it does not give the addresses.

The CHAIRMAN. We could get along without the addresses. We want the names and amounts that they are being paid.

Mr. BYRNS. Are all these people employed here in the District of Columbia?

Mr. HARRIS. No, sir; they are all over the United States.

The CHAIRMAN. How long have they been employed?

Mr. HARRIS. Most of them within the last year, but, of course, they take the places of other attorneys.

The CHAIRMAN. How many more do you have now than there were before?

Mr. HARRIS. The number is a little less than what we had this time last year.

The CHAIRMAN. Then why do you need more money?

Mr. KENNARD. Last year we spent $1,000,000, and this is less than we had last year.

The CHAIRMAN. This statement may go in the record at this point.

(The statement referred to is as follows:)

Estimated expenditures from the appropriation "Pay of special assistant attorneys, United States courts, 1922," from February 1 to close of June 30, 1922, as per statement attached, $521,444.64.

Itemized statement showing estimated expenditures to cover salaries and expenses to close of business June 30, 1922, from the appropriation "Pay of special assistant attorneys, United States courts, 1922."

[Key: * Special assistant to the Attorney General; ** Special assistant to the U. S. attorney.]

Name.	Rate of compensation.	Amounts necessary to cover payments for salaries to close of June 30, 1922.	Amounts necessary to cover payments for expenses to close of June 30, 1922.	Total.
** Essex S. Abbott	$4,000 per annum	$1,667.70	$65.00	$1,732.70
** H. M. Alcorn	To be determined			
* J. R. Anderson	$5,000	2,083.35	550.00	2,633.35
* H. T. Atkins	$5,000	2,083.35	500.00	2,583.35
* Gordon Auchincloss	To be determined			
* Arthur H. Bartelt	$4,000	1,667.70	100.00	1,767.70
* Robert S. Blair	To be determined			
** Robert V. Bolger	$3,750	1,562.50	50.00	1,612.50
* Stuart R. Bolin	To be determined			
* Thomas B. Booth	do			
* Marcus Borchardt	$2,920	1,216.65	900.00	2,116.65
** J. Edgar Bowron	$250 per month	1,250.00	75.00	1,325.00
* W. H. Boyd	To be determined			
* John S. Bradley	$3,600	1,500.00	550.00	2,050.00
** E. W. Breland	To be determined			
* Chas. B. Brewer	$5,000	2,083.35		2,083.35
* B. F. Brown	$2,500	1,041.70	150.00	1,191.70
* H. H. Byrne	To be determined			
** David V. Cahill	$4,000	1,667.70	75.00	1,742.70
** Palmer Canfield	$6,000	2,500.00	100.00	2,600.00
** Chas. S. C. Carroll	To be determined			
** Stanford H. Cohen	$2,500	1,041.70		1,041.70
** E. B. Collins	$3,600	1,800.00	25.00	1,825.00

Itemized statement showing estimated expenditures to cover salaries and expenses to close of business June 30, 1922, etc.—Continued.

Name.	Rate of compensation.	Amounts necessary to cover payments for salaries to close of June 30, 1922.	Amounts necessary to cover payments for expenses to close of June 30, 1922.	Total.
**John F. Collins	$2,000	$1,015.00	$80.00	$1,095.00
**R. M. Cook	$2,500	1,041.69		1,041.69
**Jos. G. Cotter	$4,000	1,667.70	175.00	1,842.70
*Robert C. Crockett	$3,500	1,458.35	75.00	1,533.35
*F. B. Crosthwaite	$5,000	2,083.35		2,083.35
**C. P. Curtis, jr	$400	1,667.70	75.00	1,742.70
*E. G. Curtis	To be determined			
**Edward J. Daly	$1,800	900.00	75.00	975.00
**Benj. P. DeWitt	To be determined			
*Arthur E. Dowell	do			
*Osgood H. Dowell	do			
*Fred. K. Dyer	$4,000	1,667.70	50.00	1,717.70
*W. W. Dyer	$5,000	2,083.35		2,083.35
**A. D. Dyess	To be determined			
*John C. Dyott	$4,500	1,875.00	75.00	1,950.00
*Clifton V. Edwards	To be determined			
*Fred. L. Emery	do			
*John A. Fain	$8,000	3,333.35	800.00	4,133.35
**John Fine	$2,400	1,000.00	75.00	1,075.00
**E. C. Fishel	To be determined			
*Jos. B. Fleming	do			
*Henry I. Foster	$3,600	1,800.00	50.00	1,850.00
*Chas. R. Frankham	$5,000	2,083.35		2,083.35
*Geo. A. H. Fraser	$5,000	2,083.35		2,083.35
*Harry R. Gamble	$4,000	1,667.70	40.00	1,707.70
*W. Frank Gibbs	$4,000	1,895.84	175.00	2,070.84
*Carl P. Goepel	To be determined			
**George G. Goldthwaite	$2,500	1,041.70		1,041.70
**O. H. Graves	$3,000	1,250.00	50.00	1,300.00
**W. H. Hallett	$4,000	1,667.70		1,667.70
**John F. Harley	$3,000	1,250.00	150.00	1,400.00
*Harold Harper	To be determined			
**B. E. Heffernan	$2,500	1,298.61	50.00	1,348.61
**John M. Henry	To be determined			
**John G. Heywood	$3,600	1,500.00	200.00	1,700.00
*Vance J. Higgs	To be determined			
*Ramsay Hoguet	do			
*A. M. Holcome	do			
*A. R. Holden	do			
**Richard S. Holmes	$3,000	1,250.00	50.00	1,300.00
*J. E. Hoover	$4,500	1,875.00	400.00	2,275.00
*P. W. Howard	$5,000	2,083.35	150.00	2,233.35
*W. J. Hughes	$5,000	2,083.35		2,083.35
*A. W. Hunter	To be determined			
*Robert A. Hunter[1]	$4,000	833.35		833.35
*H. Alfred Janke	To be determined			
*Lawrence A. Janney	do			
**John Jen. Sen	do			
*A. R. Johnson, jr	$6,000	2,500.00	150.00	2,650.00
*Chas. F. Jones	$5,000	2,083.35	450.00	2,533.35
*G. Noble Jones	$3,500	1,458.35		1,458.35
*Louis A. Jones	To be determined			
*Howard T. Jones	$2,750	1,145.85	50.00	1,195.85
*D. M. Kelleher	To be determined			
*Harry E. Knight	do			
*Herbert H. Knight	do			
*Octavius Knight	do			
**Jos. L. Kun	$4,500	1,875.00	150.00	2,025.00
**Wm. D. Kyser	To be determined			
**William E. Leahy	do			
*Jas. J. Lenihan	$5,000	2,083.35	100.00	2,183.35
**J. Jos. Lilly	To be determined			
*J. M. Linton	$10,000	4,611.11	200.00	4,811.11
*J. W. Loveland	$3,500	1,458.34	100.00	1,558.34
**E. H. Lumpkin	$2,500	1,041.70		1,041.70
**M. Pearl McCall	$2,500	1,458.34		1,458.34
**Robt. C. McCormick	$3,500	1,458.35		1,458.35
*Robt. H. McCormack	$4,500	1,875.00	50.00	1,925.00
*C. A. McDonough	To be determined			
*John Marshall	$750 per month	4,500.00	300.00	4,800.00
**Michael R. Matteo	$2,400	1,000.00	50.00	1,050.00
**E. W. Middlekauff	$6,000	2,500.00		2,500.00

[1] Salary split, one-half paid from special assistants, one-half paid from oil lands.

Itemized statement showing estimated expenditures to cover salaries and expenses to close of business June 30, 1922, etc.—Continued.

Name.	Rate of compensation.	Amounts necessary to cover payments for salaries to close of June 30, 1922.	Amounts necessary to cover payments for expenses to close of June 30, 1922.	Total.
**Henry D. Mildberger	$3,200	$1,333.35		$1,333.35
**W. J. Millard	$3,600	1,770.00		1,770.00
*Lawrence G. Miller	To be determined		$100.00	
**Robt. A. Milroy	$3,500	1,458.35	50.00	1,508.35
**Fred. Milverton	$3,600	1,500.00		1,500.00
**Geo. V. Moore	$3,000	1,250.00	100.00	1,350.00
*Danl. L. Morris	To be determined			
*D. Q. Morrow	$12,000	6,000.00		6,000.00
*Oliver P. Morton	$300 per month	1,500.00	175.00	1,675.00
*Edwin C. Motter	$5,000	2,083.35		2,083.35
*John E. Northrup	To be determined			
*Maurice Orgias	do			
**Archibald Palmer	do			
*Edward H. Palmer	do			
**W. F. Palmer	do			
*A. C. Paul	do			
**Herbert M. Peck	$7,500	3,125.00		3,125.00
**Moses Polakoff	$3,000	1,250.00		1,250.00
**Isadore H. Polozker	$2,250	937.50		937.50
**John S. Pratt	$4,000	2,333.34	500.00	2,833.34
*W. H. Ramsey	$3,000	1,250.00		1,250.00
*Robert P. Reeder	$4,000	1,667.70		1,667.70
**R. F. Roth	To be determined			
**H. H. Rumble	$5,000	2,083.35	50.00	2,133.35
*S. R. Rush	To be determined			
**John M. Ryan	$3,000	1,250.00		1,250.00
*Thos. K. Schmuck	$1,400	1,159.37		1,159.37
**Chas. J. Schuck	$4,000	1,667.70	100.00	1,767.70
**Lewis D. Schwartz	To be determined			
*Frank E. Scott	$4,000	1,667.70	500.00	2,167.70
**Frank M. Silva	To be determined			
**Abraham Soloman	$2,500	1,041.70		1,041.70
**P. C. Spencer	$2,000	833.34		833.34
**Howard D. Stabler	$3,000	1,500.00		1,500.00
*J. Frank Staley	$6,500	2,708.35	500.00	3,208.35
*Dean Hill Stanley	$4,200	2,100.00	550.00	2,650.00
*L. D. Stapleton	To be determined			
**Robt. J. Sterrett	$4,500	1,845.00		1,845.00
**Elihu D. Stone	$3,000	1,250.00		1,250.00
**James Stone	To be determined			
**W. A. Stuart	do		125.00	
**F. Streeter	do			
*J. A. Tellier	$7,500	3,125.00	1,500.00	4,625.00
*John W. Thompson	To be determined	(From Oct. 1).		
*W. L. Tooze	do			
*J. F. Trusdell	$7,200	3,000.00	200.00	3,200.00
*Ralph E. Twitchell	$6,000	2,500.00		2,500.00
*Thos. J. Tyne	To be determined			
*V. W. Van Fleet	$650 per month	3,250.00		3,250.00
**W. H. Van Kirk	$3,000	1,250.00	150.00	1,400.00
*L. E. Varney	To be determined			
*L. D. Vickers	$4,000	2,000.00		2,000.00
**Truman Wade	$4,000	1,667.70	25.00	1,692.70
**Rene J. Waguespack	$2,000	833.35		833.35
**T. Henry Walnut	$4,500	1,875.00	50.00	1,925.00
**J. T. Walsh	$3,000	1,250.00	50.00	1,300.00
*Ethelbert Ward	$4,500	1,875.00	300.00	2,175.00
*W. S. Ward	$4,000	1,667.70	900.00	2,567.70
*F. N. Watriss	To be determined			
*James A. Watson	do			
**E. L. Weisel	$2,500	1,041.70	400.00	1,441.70
*Crowley Wentworth	$3,000	1,250.00	60.00	1,310.00
*Chas. D. Weston	$5,000	2,083.35		2,083.35
**Wm. J. White	$3,500	1,458.35	50.00	1,508.35
*Manvill Whittemore	To be determined			
*S. W. Williams [2]	$7,000	1,041.70	375.00	1,416.70
**T. N. Wilkerson	$2,500	1,152.76		1,152.76
**Robt .G. Withers	$3,000	1,250.00		1,250.00
*H. C. Workman	To be determined			
**Damon Yerkes	$2,500	1,041.70	275.00	1,316.70
*Robert H. Young	To be determined			

[2] Salary split, $2,500 from special assistants, $4,500 from Pacific Railroad.

Itemized statement showing estimated expenditures to cover salaries and expenses to close of business June 30, 1922, etc.—Continued.

Name.	Rate of compensation.	Amounts necessary to cover payments for salaries to close of June 30, 1922.	Amounts necessary to cover payments for expenses to close of June 30, 1922.	Total.
One additional administrative assistant at Galveston, Tex.	$4,000	$2,000.00		$2,000.00
One additional appointment at New York City (Attorney General).	$5,000	2,500.00		2,500.00
One additional appointment (Myers)	$4,500	2,750.00		2,750.00
Clerks, paid on pay roll:				
C. M. Nash	$1,800	750.00	$105.00	855.00
Arthur Bollinger	$1,600	666.70		666.70
A. G. Chandler	$1,600	666.70		666.70
L. R. Mehlinger	$1,600	666.70		666.70
M. F. Harris	$1,500	625.00		625.00
V. H. Boody	$1,400	583.35		583.35
G. E. Adams	$1,400	583.35		583.35
G. F. Gilbert	$1,400	583.35		583.35
Ethel Woodmansee	$1,400	583.35		583.35
M. U. Hea'y	$1,400	583.35		583.35
E. J. Bai'ey	$1,400	583.35		583.35
J. D. Sad'er	$1,400	583.35		583.35
R. J. Springman	$1,400	583.35		583.35
Lauretta We'sh	$1,300	541.70		541.70
L. R. Lautier	$1,200	500.00		500.00
M. E. O'Shea	$1,200	500.00		500.00
E. B. Works	$1,100	458.35		458.35
Total		503,744.64	17,700.00	521,444.64

RECAPITULATION.

Appropriation		$600,000.00
Disbursed to close of business Jan. 31, 1922	$331,779.83	
Estimated expenditures from Feb. 1, 1922, to June 30, 1922, as above	521,444.64	
Total actual and estimated expenditures		853,224.47
Estimated deficit		253,224.47

Mr. HARRIS. A portion of these attorneys are defending the Government in suits now pending that involve claims aggregating more than $250,000,000.

The CHAIRMAN. What do these claims consist of?

Mr. HARRIS. That class of claims consists almost wholly of patent infringement cases, or claims for royalty due under various patents. Claims are made that the Government has taken over patents belonging to various patentees.

The CHAIRMAN. Does that result from the war?

Mr. HARRIS. Yes, sir. That is something that we think should be taken into consideration, because while the business of the other departments is decreasing, they have turned a great deal of business over to the Department of Justice, and have asked it to mop it up. This makes additional litigation. It has increased our business, while the business of the other departments has decreased. Now, there are $250,000,000 of claims involved in actual suits that have been brought, and there are $250,000,000 more in claims for which suits have not been instituted. In addition to that, we are defending the Government in income-tax cases and estate-tax cases. If we should lose one case it would cost the Government more than all the money required to run the entire Department of Justice for five years. We have one case, the Lee-Walker case, which involves $125,000,000.

The CHAIRMAN. What kind of case is that?

Mr. HARRIS. That is for the infringement of a patent on a fuse for shells. In addition to that, we have prevailed in the Crucible Steel Co. case and in the Depuy estate tax, in which there were involved $28,000,000. We had such men as Stanchfield and Root against us in those cases. This list that has been inserted in the record shows the estimated amounts where the compensation is annual as well as those who are paid on a quantum meruit basis.

The CHAIRMAN. Are they included in this statement?

Mr. HARRIS. Yes, sir; that is estimated, but I can not tell what the Attorney General will subsequently allow.

Mr. BYRNS. What is the maximum fee allowed?

Mr. HARRIS. The maximum fee, based on the per annum rate, is $1,000 per month.

PAYMENT TO LAWYERS IN LAST ADMINISTRATION IN EXCESS OF $12,000 PER ANNUM.

Mr. BYRNS. You pay no lawyers over $12,000 per annum?

Mr. HARRIS. Not if they are on an annual basis. They are not paid in excess of $12,000. The last administration exceeded that considerably, and ran as high as $24,000.

Mr. BYRNS. How many were employed at that rate?

Mr. HARRIS. There was one at $18,000 and one at $24,000.

Mr. BYRNS. Who were they?

Mr. HARRIS. Mr. Kresle and Mr. Rand.

Mr. BYRNS. What cases were they employed in?

Mr. HARRIS. Mr. Kresle was employed in the Packer cases in Chicago, and Mr. Rand in the Building Material cases.

Mr. BYRNS. How long were they employed?

Mr. HARRIS. I think about 16 months.

Mr. BYRNS. What was the total fee paid?

Mr. HARRIS. Kresle was paid $27,000.

Mr. BYRNS. For 15 months' work?

Mr. HARRIS. About that. At first he was only getting $1,000 per month, and then he was jumped to $1,500 and then to $2,000. When he was paid $2,000 per month, or at that rate, it was during the latter end of the term of the last administration and when he was assigned to additional cases. He was assigned to the Building Material case in New York.

Mr. BYRNS. What did the Attorney General mean by violating the rule of paying not exceeding $1,000 per month?

Mr. HARRIS. There was no law against it.

Mr. BYRNS. But there was a fixed rule, was there not?

Mr. HARRIS. I do not know. The Attorney General fixed the compensation.

Mr. BYRNS. How long did they pay him $2,400 per month?

Mr. HARRIS. I think for about three months. Then prior to that I think he was paid $1,500 per month for about six months, and he received $1,000 per month prior to that.

Mr. BYRNS. What was involved in those cases?

Mr. HARRIS. The Packers' Trust case was, as you know, a case involving a combination of packers in Chicago. Then the Buildings Materials case was a combination of building material men, or

men handling cement, lumber, iron, steel, brick, etc., in New York.

Mr. BYRNS. Who handled that case?

Mr. HARRIS. Mr. Kresle, and Mr. Rand was also appointed with him.

Mr. BYRNS. Kresle was in both cases?

Mr. HARRIS. Yes, sir.

The CHAIRMAN. When were those cases tried?

Mr. HARRIS. The Packers' case was tried in 1920. That was an agreed decree, as you remember, in the Supreme Court.

Mr. BYRNS. In how many cases did the administration depart from that rule? You have named one, Mr. Kresle?

Mr. HARRIS. Rand was the next man, and he was getting $18,000 at that time.

Mr. BYRNS. How long was he paid at that rate?

Mr. HARRIS. He was paid, I think, about two or three months. Prior to that time, or about two years prior to that time, he was paid about that rate. That was in connection with the Camp Upton condemnation proceedings. Then he was not in the employ of the Government until he was employed by Mr. Palmer in the building material case with Mr. Kresle.

Mr. BYRNS. Was he in the packers case?

Mr. HARRIS. No, sir.

Mr. BYRNS. No counsel was associated with him?

Mr. HARRIS. Yes, sir; Mr. Sabinsky, who was paid at the rate of $1,000 per month.

Mr. BYRNS. Are any attorneys now being paid at a rate exceeding $1,000 per month?

Mr. HARRIS. No, sir; I do not think so. They are not being paid in excess of $1,000 per month now; but I am not saying that the Attorney General may not subsequently fix something in excess of $1,000 per month in some of those cases in which the compensation is to be determined.

The CHAIRMAN. They promised us that they would not do it and we hope they will not do it.

Mr. HARRIS. Do you not think that sometimes he might be compelled to do that because of the counsel on the other side?

The CHAIRMAN. It makes no difference about the counsel on the other side if you have a good man on your side.

Mr. HARRIS. But sometimes we can not get them for $1,000 per month.

Mr. BYRNS. The Attorney General receives $12,000 a year and the Solicitor receives $10,000 per year, and I do not see why some man on the outside should receive more than the Attorney General or solicitor.

Mr. HARRIS. But he does not share the honor of the Attorney General.

Mr. BYRNS. But he gets a good deal of prestige out of these cases if he handles them right.

BASIS OF FIXING LAWYERS FEE.

Mr. HARRIS. I imagine that this administration is going to fix the fees of attorneys at somewhere between 20 per cent and 50 per cent of the amount claimed by them, as a rule.

The CHAIRMAN. You mean in cases where the attorney renders a bill?

Mr. HARRIS. Yes, sir; where the compensation is to be determined, the attorney renders service for two, three, or six months, and then submits a bill for, say, $6,000, they generally fix the fee somewhere in the neighborhood of $3,000 or possibly $3,500 or $4,000, depending upon the importance of the case.

The CHAIRMAN. You say it does not exceed $1,000 per month.

Mr. HARRIS. No, sir; not at the present time.

The CHAIRMAN. Is there anything further you wish to say about this estimate of $300,000? Could we not suspend this until after the 1st of July?

Mr. HARRIS. We would have to stop paying these attorneys, and this business has got to go on. Some of them might become disgruntled and quit, and to lose some of those cases would cost us more money than it would to run the entire Department of Justice a year, and furthermore next year's appropriation is not available to pay for services rendered this year.

The CHAIRMAN. What is the balance now?

Mr. HARRIS. It is the difference between $359,000 and $600,000—that is, $241,000. The payments to men who are paid on a quantum meruit basis are anywhere from two to three months behind. Regular salaries have been paid up to January 31.

The CHAIRMAN. From January 31 there would be only five months to provide for.

Mr. STEWART. In the last four or five months the demands are heavier than in the first four or five months.

The CHAIRMAN. Why?

Mr. STEWART. Because the attorneys who are doing work in cases where the compensation is to be determined sometimes run along for four, five, or six months without getting anything. Some of them draw something. They come in and render bills, or they may come in and ask for a lump sum.

The CHAIRMAN. You had spent $359,000 up to the 1st of February, or at the rate of about $50,000 per month. You have $241,000 left for the rest of the year, which would be at the rate of $50,000 per month, and you say you have fewer people employed than you had last year.

Mr. HARRIS. Fewer than we had in February. We were running then at the rate of $1,000,000 a year.

The CHAIRMAN. You have paid all of those men up to date, have you not?

Mr. HARRIS. No, sir. A lot of them are not paid for November and some have not been paid for December. Very few of those whose compensation is to be determined have been paid. I have on my desk bills for January service that have not been paid yet. Of course, the prohibtion work costs additional money.

The CHAIRMAN. You are paying out of your appropriation $200,000 for that.

Mr. STEWART. That is a part of the $600,000.

The CHAIRMAN. It cost that last year.

Mr. HARRIS. The income-tax business is costing us considerable money and the prohibition business is costing money.

LARGE CASES HANDLED BY DEPARTMENT.

Mr. BYRNS. The district attorneys handle a great many of those cases, do they not? For instance, they handle a great many income-tax cases. Unless it is a very large case, I imagine that the matter would be looked after by the district attorney.

Mr. HARRIS. The district attorney would not have time to look after any of these large cases, like the Crucible Steel case and the Depuy estate case, involving $28,000,000. We have a case at San Francisco that involves $6,000,000. There is an estate tax case out there involving $6,000,000, and the man handling that case has been paid at the rate of $1,000 per month.

The CHAIRMAN. Your judgment is that there is no way except to give you what you want?

Mr. HARRIS. Yes, sir; if you want to have this business conducted and these cases defended and prosecuted. We say now that we can show absolutely that in fines, fees, and forfeitures, and judgments collected, we have collected upward of 33⅓ cents on every dollar that we have expended for the department, the courts, and everything else. In addition to that we can show where we prevailed last year in cases in which there was absolutely in sight the sum of $28,000,000, to say nothing of the income-tax business.

The CHAIRMAN. Do you mean to say that there was likely to be judgments against you to the amount of $28,000,000?

Mr. HARRIS. I think there would have been if we had not adequately defended the cases. I think in that patent case there would have been a judgment against us.

Mr. KENNARD. Claimants succeeded in getting judgments for not exceeding 4½ or 5 per cent in claims against the United States in patent cases, Court of Claims cases, etc. Adequate defense reduces the recoveries materially.

The CHAIRMAN. Of course, they must be adequately defended, and we do not want to embarrass you in that respect.

Mr. KENNARD. Naturally the claimant puts in a big claim.

The CHAIRMAN. He would not get judgment for the entire amount claimed if you did not defend it at all.

Mr. HARRIS. He would get judgment by default then.

The CHAIRMAN. The courts would not be foolish about it.

Mr. HARRIS. The courts have to render judgment by default.

SALARIES OF CLERKS, UNITED STATES DISTRICT COURTS.

FOR ADJUSTING ERROR BY A DISBURSING OFFICER.

The CHAIRMAN. For the salaries of clerks of United States District Courts you ask a deficiency of $827.28 for the fiscal year 1920. Is that an audited claim?

Mr. KENNARD. It is not of that nature. This is for the purpose of correcting an error. A deposit was made by a disbursing officer, and through misunderstanding or error the general accounting office covered it in to the credit of this appropriation we are considering here, instead of to the credit of the appropriation for fees of witnesses.

That gave us a false balance, or an apparent balance of $827.28 in the other appropriation. We needed the money and used that apparent balance for legitimate purposes. In order to correct the deposit, we now have to place that much back in the other appropriation. The only way this can be accomplished is through a further appropriation.

The CHAIRMAN. This does not take money out of the Treasury, does it?

Mr. KENNARD. This will be an appropriation, but in another sense it is really a transfer of money to the appropriation that it should have gone to in the first place.

The CHAIRMAN. What difference does it make?

Mr. KENNARD. We are unable to settle the account of the disbursing officer until we make the transfer, and we are unable to make the transfer until Congress gives us the money. Therefore, the disbursing officer is in difficulty.

The CHAIRMAN. He can not get his money?

Mr. KENNARD. We can not settle his account.

The CHAIRMAN. It is a legitimate account?

Mr. KENNARD. Yes, it is perfectly legitimate. It is purely a bookkeeping transaction. I have a letter from the Comptroller General in regard to this matter.

The CHAIRMAN. You may insert that in the record.

(The letter referred to is as follows:)

STATE AND OTHER DEPARTMENTS DIVISION,
GENERAL ACCOUNTING OFFICE,
Washington, November 9, 1921.

The honorable the ATTORNEY GENERAL.

SIR: It is desired to invite attention to a situation arising in the account of John F. Short, United States marshal for the western district of Pennsylvania. This officer's accounts for the June quarter, 1920, show an overdraft of $827.28 under appropriation "Salaries and expenses of clerks, 1920." The resulting suspension made by this office per certificate 10907 of the marshal's account for this quarter was removed (certificate 11149) when it appeared that on November 22, 1920, the amount of overdraft had been advanced to the marshal under above appropriation—requisition No. 10829 dated November 22, 1920. A little later the marshal sent in his check in the sum of $827.28 for deposit to credit of appropriation "Salaries and expenses of clerks, United States district courts, 1920," as a repayment of unexpended balance. The funds were covered in as indicated by the marshal, certificate of deposit No. 42563, December 7, 1920; repay warrant No. 53/39736, second quarter 1921. But the appropriation was erroneous. The repayment should have been made to the credit of "Fees of witnesses, 1920," under which a balance in this sum was due, as shown by the officer's account current for the December quarter, 1920. In the present state of the case, therefore, there are offsetting debit and credit balances under the two respective appropriations, remedy for which would, of course, be found in an adjustment of appropriations with issuance of warrant charging "Salaries and expenses of clerks, 1920," and of counterwarrant carrying the amount to "Fees of witnesses, 1920." This course, however, is rendered impossible by the circumstances that the appropriation "Salaries and expenses of clerks, 1920," is exhausted.

A deficiency appropriation under "Salaries and expenses of clerks, 1920," is now apparently the only means of adjustment. It is, therefore, requested that steps to this end be taken by the Department of Justice through the proper representations to Congress.

Respectfully,

J. R. MCCARL,
Comptroller General.
By W. S. DEWHIRST, *L. R.*

FEES OF UNITED STATES COMMISSIONERS.

The CHAIRMAN. For fees of United States commissioners and justices of the peace acting under section 1014 of the Revised Statutes, you are asking a deficiency of $4,577.45 for the fiscal year 1920.

Mr. KENNARD. That amount represents settled and audited claims of United States commissioners for statutory fees.

The CHAIRMAN. For 1920?

Mr. KENNARD. Yes, sir; for 1920. The fees are fixed by law.

The CHAIRMAN. Have you the names of the people that these amounts are due to?

Mr. KENNARD. Yes, sir.

The CHAIRMAN. You may put them in the record.

(The matter referred to is as follows:)

Fees of commissioners, United States courts, 1920:

J. Leroy Dukes, Orangeburg, east S. C., certificate 34448	$621.65
John B. Henke, Phoenix, Ariz., certificate 34708	572.65
Horace R. Manley, Philadelphia, east Pa., certificate 34684	1,054.55
J. H. Ault, Mayodan, west N. C., certificate 34559	14.05
E. C. Bralley, Welch, south W. Va., certificate 34559	81.30
Varno L. Gudger, Asheville, west N. C., certificate 34559	348.55
Fred C. Kirch, Wood, S. Dak., certificate 34559	6.60
Louis F. Krenning, Wytheville, W. Va., certificate 34559	7.05
J. A. Lantz, Wichita Falls, north Tex., certificate 34559	1,360.10
D. F. McDonald, Albuquerque, N. Mex., certificate 34559	174.15
John J. Spriggs, Lander, Wyo., certificate 34559	25.50
Charles P. Talbot, Clayton, N. Mex., certificate 34559	9.20
T. R. Uzzell, Wilson, east N. C., certificate 34559	302.10
Total	4,577.45

FEES OF JURORS.

The CHAIRMAN. For fees of jurors, you ask a deficiency of $150,000. Tell us about that.

Mr. KENNARD. There is nothing particularly unusual about this item. Of course, it must be admitted that the activities of the Federal courts this year have been equal to and probably greater than during the fiscal year 1921. During the fiscal year 1921 we used for this purpose $1,290,000, and we find that we actually expended for jurors more during the first six months of this year than we did during the like six months of the previous year. To pay jurors for the first six months we used $511,400—that is, of course, the small six months, containing July and August, when the courts are in vacation. During the like six months of the preceding year we used $505,200. It is perfectly clear from a very careful examination of the reports that we have gathered from every station in the field that we will need fully $1,300,000, and possibly a little more. The estimates aggregate about $30,000 or $35,000 more than we have requested.

Mr. BYRNS. Can you tell how much was spent during the last six months of 1921?

Mr. KENNARD. Yes, sir; $784,926.

Mr. SISSON. That includes the fall months?

Mr. KENNARD. The last six months represent the heavier period. They always run heavier than the first six months, because during

July and August there are very few juries, most of the courts being in vacation. In fact, we paid out in July only $29,000, while in December we paid out $147,000.

Mr. SISSON. In other words, this is simply an estimate, and you can not spend it unless the jurors' fees are allowed by law.

Mr. KENNARD. That is true.

Mr. SISSON. It is just a question of whether the jurors get their money?

Mr. KENNARD. Yes, sir. On the other hand, if it is not appropriated before the close of the year, it is liable to embarrass the Government, because some judges will adjourn court and refuse to proceed on a credit basis.

Mr. SISSON. In the absence of this fund, if the courts should continue business, the jurors would have to pay their own expenses. They would have to pay their own expenses if the judge insisted on their coming, which, of course, would be very much more embarrassing to the jurors than to the court.

Mr. KENNARD. They would simply have claims against the Government.

Mr. SISSON. If the business is there and the court is open for the transaction of the business that the people demand be transacted, money must be provided for running the court.

Mr. KENNARD. Yes, sir; it is automatic.

MISCELLANEOUS EXPENSES.

The CHAIRMAN. For miscellaneous expenses you are asking $115,000. That appears to be more than your estimate for 1922.

Mr. KENNARD. It is more than the estimate, but it is not $115,000 more than we used during the previous year.

EXPENDITURES FOR 1921.

The CHAIRMAN. You used $590,000 during the previous year.

Mr. KENNARD. More than that. There was $632,000 appropriated, and we will use all of it. We have used about $615,000, and we are still paying belated bills. Our expenditure for 1921, when everything is paid, will be about $625,000.

Mr. SISSON. I notice that you had for 1921 a direct appropriation of $500,000, plus a deficiency of $50,000, plus another deficiency of $40,000. Is there anything in addition to that?

Mr. KENNARD. Yes, sir; there was another deficiency of $42,000 carried in the act of August 24, 1921.

Mr. SISSON. In August of this last year?

Mr. HARRIS. In the August, 1921, deficiency bill.

Mr. BYRNS. That makes a total of $632,000?

Mr. KENNARD. Yes, sir. Nearly all of it will be used.

Mr. BYRNS. Was that deficiency of $42,000 for 1921?

Mr. KENNARD. Yes, sir.

Mr. BYRNS. It covered a 1921 deficiency?

Mr. KENNARD. Yes, sir; ascertained after the close of the year.

EXPENSES INCLUDED UNDER HEAD OF MISCELLANEOUS.

The CHAIRMAN. What does this expenditure under the head of miscellaneous expenses consist of?

Mr. KENNARD. As indicated by the title, there is a large variety of objects.

The CHAIRMAN. What does the item, "Transportation of persons," mean?

Mr. KENNARD. That is for railroad fares.

Mr. HARRIS. For the judges' stenographers and secretaries.

The CHAIRMAN. What does the item "Transportation of things" mean?

Mr. KENNARD. That is for freight. There is very little of that.

The CHAIRMAN. What does "Subsistence of persons" mean in this connection? Is that the subsistence allowed judges?

Mr. KENNARD. No, sir; that is for the judges' clerks, and stenographers, and not for the judges. The judges are paid out of another fund.

The CHAIRMAN. You have an item of communication service, including telephone, telegraph, and postage.

Mr. KENNARD. Rates have been increased on that, slightly, and it will be a little more than heretofore.

The CHAIRMAN. You have an item for printing and binding. Of course, it costs less money to print and bind now than it did formerly, because the cost of paper has come down, as well as the cost of labor. Printing costs should be down 20 per cent.

Mr. HARRIS. The increased business will take care of that.

Mr. KENNARD. We have had some special expenses this year. There was considerable printing incident to the Oklahoma boundary dispute. Copies of maps had to be furnished, showing certain aspects of the Red River and adjoining lands.

The CHAIRMAN. Has that been settled?

Mr. KENNARD. It is still pending.

Mr. SISSON. Does the Federal Government finally have to pay that cost?

Mr. KENNARD. No matter how it is finally paid, it is payable in the first instance from this appropriation.

Mr. HARRIS. That is the share of the of the United States as an intervener in the case.

Mr. SISSON. I am wondering whether, or not, even if the United States should interevene between two States, this money should be finally taxed against the Federal Government.

Mr. HARRIS. If we should prevail, a lot of this money would come back in the form of taxable costs.

Mr. KENNARD. But it does not go back into the appropriation. It goes into the Treasury.

Mr. HARRIS. This item of printing and binding is largely for printing the records on appeals or in error and the briefs in those cases. The printing of the briefs is not taxable costs, but the printing of the records is, and the records constitute a large portion of it.

Mr. SISSON. I think where the Government intervenes between two States, under the Constitution, all of the costs should be charged against the respective States.

Mr. HARRIS. This is where the Supreme Court orders us to pay certain costs in those cases as the Government's share as an intervener.

Mr. SISSON. I do not think the Government should have any share in it.

Mr. KENNARD. I might say that there have been several other elements contributing to increase the expense.

The CHAIRMAN. There was no deficiency of $42,000 in the December deficiency bill under this item.

Mr. KENNARD. I can give you the date of it. I know the $42,000 was appropriated and used.

The CHAIRMAN. I was curious and wanted to look it up.

Mr. SISSON. I do not know how you got hold of that $42,000.

The CHAIRMAN. Well, it is not in that bill.

Mr. KENNARD. I will be glad to give you the date. I have the date on my ledger at the office.

Mr. SISSON. Let the record show the date of that.

Mr. KENNARD. I will. (Date of act is Aug. 24, 1921.)

The CHAIRMAN. It may have been in the last deficiency bill.

Mr. BYRNS. There have been but two bills passed, one in December and then the August bill, and the August bill did not carry much of anything.

EMPLOYMENT OF CHEMISTS IN PROHIBITION CASES.

Mr. KENNARD. As I was about to state, we have an increasing expense all the time on account of the numerous analyses of seized intoxicating liquors. Each particular analysis costs very little, but there are so many of them that it makes quite an item, probably $10,000 or more. Each analysis costs from $5 to $15. Then there is the case against the City National Bank.

The CHAIRMAN. The Attorney General does not make the analyses?

Mr. HARRIS. No, sir; we have to employ chemists.

The CHAIRMAN. You do that when you are about to try cases?

Mr. HARRIS. Yes, sir. Testimony is necessary to show that the liquor is intoxicating.

CITY NATIONAL BANK CASE.

Mr. KENNARD. The case against the City National Bank, with which, perhaps, you are familiar, is causing additional expense; that additional expense will be approximately $8,000 and is in connection with the taking of testimony in England and France. It is a Russian matter, and the amount involved is about $2,000,000.

The CHAIRMAN. What is the nature of the case?

Mr. KENNARD. The nature of the case, briefly stated, is that the United States sold to the All-Russian Union about $1,000,000 of war supplies and contributed about $1,000,000 to a scheme to buy up other supplies used there in order to prevent Germany from getting them during the war. The All-Russian Union, as it was called, tendered in payment for these purchases its deposits in the City National Bank of New York and gave us certain drafts which the City National Bank has refused to pay, upon the ground that they are not adequate.

The CHAIRMAN. On the ground that there is nobody to sign them; is that it?

Mr. KENNARD. They questioned the assignment of this money.

The CHAIRMAN. Was that the matter in which Bakhmeteff was interested?

Mr. HARRIS. That was under the Kerensky government.

The CHAIRMAN. We gave the Russian government a credit of $180,000,000, and it was placed to the credit of Bakhmeteff in the City National Bank.

Mr. HARRIS. This was not the Russian government; it was some corporation formed under the Russian government and formed by the Governments of England, France, and the United States, as I understand it, whereby these supplies were to be bought by general purchase at the time the Kerensky government was in power.

Mr. SISSON. And Kerensky or that organization got the money and made certain deposits in the National City Bank?

Mr. KENNARD. They have certain deposits in the City National Bank of New York.

Mr. SISSON. A draft was given to Uncle Sam and he accepted it, but the bank will not pay it.

Mr. KENNARD. The bank says the transfer is not valid. That is one element. Another very important element of increase is the case now pending in San Francisco involving the payment to the United States of about $6,000,000 in the form of estate taxes under the revenue laws. Our expense in that case for experts alone, who are to determine the value of properties—and I understand the properties involved represent a value of about $90,000,000—will be from $15,000 to $20,000. We have over 25 experts and there is a great amount of property involved.

The CHAIRMAN. This $115,000 is asked for the purpose of covering those cases and other cases you have in mind?

Mr. KENNARD. Yes, sir. I speak of these as new elements, additional elements this year over and above the expenses of last year. I would like to say that I have made a very careful canvass of this situation, and have made an extremely careful estimate, after communicating with all the field offices.

SUPPLIES, ETC., FOR UNITED STATES COURTS AND JUDICIAL OFFICERS.

FOR FISCAL YEAR 1921.

The CHAIRMAN. We will proceed to the next item, "For supplies, including the exchange of typewriting and adding machines for the United States courts and judicial officers, to be expended under the direction of the Attorney General." For the fiscal year 1921 you ask a deficiency appropriation of $1,718.86.

Mr. KENNARD. These are unpaid bills for the fiscal year 1921. The department did not wittingly over-expend the appropriation for this year, as would appear on the face of the record.

The CHAIRMAN. You would have had money to pay those bills if they had been submitted in time.

Mr. KENNARD. No, sir; that is not the situation.

The CHAIRMAN. Then you did overexpend?

Mr. KENNARD. Briefly stated, the situation is this: The Government Printing Office, when we order supplies, gives us an estimate of the cost, and we charge the estimate up on our books pending the receipt of the bills. Many of these estimates were considerably

below the amount of the bills when they subsequently arrived, and that gave us a false perspective, as it were, on our appropriation.

The CHAIRMAN. Was that due to the fact that you got more goods than you originally ordered?

Mr. KENNARD. No; they charged more on the bills than they did on the estimates, so that when we reached the end of the year we did not have the money with which to pay our bills.

The CHAIRMAN. This is all due to the Public Printer, is it?

Mr. KENNARD. The difference in the estimates of the Public Printer and the bills rendered is the reason why we are not able to pay these bills. However, not all of these are bills of the Public Printer: these are other bills, but it made a situation under which the last rendered bills could not be paid.

The CHAIRMAN. To whom do you owe this money?

Mr. KENNARD. We owe it to quite a list of concerns.

The CHAIRMAN. In other words, you do not owe it to the Public Printer?

Mr. KENNARD. No; he got his money promptly. You see, out of this appropriation there is about $40,000 or $50,000 spent with the Public Printer. This is a list of the bills:

SUPPLIES FOR UNITED STATES COURTS, 1921.

Old Dominion Paper Co., Norfolk, Va., pens and typewriter paper for department and United States courts	$47.76
American Lead Pencil Co., New York, N. Y., pencils for use of department and United States courts	50.10
Library Bureau, Washington, D. C., manila folders for use of department	336.07
J. P. Nawrath & Co. (Inc.), New York, N. Y., Kraft paper for department	999.32
The Pennsylvania Railroad Co., Philadelphia, Pa., court supplies shipped to United States marshal, southern Ohio	4.81
Galveston, Harrisburg & San Antonio Railway, Houston, Tex., court supplies shipped to United States marshal, Houston, Tex	5.32
Chicago, Milwaukee & St. Paul Railway Co., Chicago, Ill., court supplies shipped to United States marshal, St. Paul, Minn	3.68
General Supply Committee, Washington, D. C., ink and mucilage for department and United States courts	35.36
Chesapeake & Ohio Railway Co., Richmond, Va., court supplies shipped to United States marshal, Louisville, Ky	1.52
Chesapeake & Ohio Railway Co., Richmond, Va., court supplies shipped to United States marshal, Covington, Ky	1.38
Alaska Steamship Co., Seattle, Wash., freight charges, Seattle, Wash., to St. Michael, Alaska, supplies for United States marshal, fourth Alaska	.99
The Pennsylvania Railroad Co., Philadelphia, Pa., court supplies shipped to United States marshal, Indianapolis, Ind	3.70
The Pennsylvania Railroad Co., Philadelphia, Pa., court supplies shipped to United States marshal, Brooklyn, N. Y	2.60
The Pennsylvania Railroad Co., Philadelphia, Pa., court supplies shipped to United States marshal, Philadelphia, Pa	1.69
Atlantic Coast Line Railroad Co., Wilmington, N. C., court supplies shipped to United States marshal, Jacksonville, Fla	1.11
Chicago, Milwaukee & St. Paul Railway Co., Chicago, Ill., court supplies, frieght charges from Washington, D. C., to Seattle, Wash. (United Staes marshal, Fairbanks, Alaska)	4.11
Chicago & North Western Railroad, Chicago, Ill., court supplies shipped to United States marshal, southern Iowa	1.72
Chicago & North Western Railroad, Chicago, Ill., supplies shipped to clerk, district court, Nebraska	2.16

Missouri Pacific Railroad Co., St. Louis, Mo., supplies shipped to United States marshal, eastern Texas	$2.73
Missouri, Kansas & Texas Railway of Texas, Dallas, Tex., supplies shipped to United States marshal, northern Texas	5.97
Missouri, Kansas & Texas Railway of Texas, Dallas, Tex., supplies shipped to United States marshal, western Texas	4.92
New York, New Haven & Hartford Railroad, New Haven, Conn., supplies shipped to United States marshal, Connecticut	2.16
New York, New Haven & Hartford Railroad, New Haven, Conn., supplies shipped to United States marshal, Connecticut	1.67
Boston & Maine Railroad, Boston, Mass., supplies shipped to United States marshal, New Hampshire	1.26
Boston & Maine Railroad, Boston, Mass., supplies shipped to United States marshal, Maine	1.52
Oregon-Washington Railroad & Navigation Co., Portland, Oreg., supplies shipped to United States marshal, eastern Washington	2.51
Northern Pacific Railway Co., St. Paul, Minn., supplies shipped to United States marshal, western Washington	5.18
Northern Pacific Railway Co., St. Paul, Minn., supplies shipped to United States marshal, North Dakota	1.62
Certificate 34357 (Public Printer)	54.43
Certificate 34374 (general supply committee)	131.49
Total	1,718.86

The CHAIRMAN. Old Dominion Paper Co.; American Lead Pencil Co.; Library Bureau; J. P. Nawrath & Co.; the Pennsylvania Railroad Co.; Galveston, Harrisburg & San Antonio Railway; Chicago, Milwaukee & St. Paul Railroad Co.; General Supply Committee; Chesapeake & Ohio Railway; Alaska Steamship Co.; the Pennsylvania Railroad Co. again; Atlantic Coast Line Railroad Co.; Chicago, Milwaukee & St. Paul Railway Co.; Chicago & North Western Railroad Co.; Missouri Pacific Railroad Co.; Missouri, Kansas & Texas Railway Co.

Mr. SHERWOOD. Those are freight bills.

The CHAIRMAN. They are not supplies from the Government Printing Office?

Mr. SHERWOOD. No, sir.

The CHAIRMAN. Why do you not keep track of these things, so that you do not run into this sort of difficulty?

Mr. KENNARD. The difficulty arises in this way: We have numerous orders continually going to the Government Printing Office; when we send in an order the Government Printing Office sends back a statement saying: "This work will cost, say, $75." We charge $75 against the fund, and we go right on with our business, depending upon these estimates, and then if the bill, when it comes in after the close of the year, is for more than $75 we are that much short.

Mr. SISSON. Let me see whether I understand you. You say the Public Printer makes certain estimates for you?

Mr. KENNARD. Yes, sir.

Mr. SISSON. And on those estimates you base all the other expenditures. Now, when you want something that can not be supplied by the Government Printing Office, you buy from other people; but, before their bills get in, the Public Printer's bill comes in and you find it is actually more than was estimated?

Mr. KENNARD. Yes, sir.

Mr. SISSON. So when the Public Printer gets his money—and he always gets his?

Mr. KENNARD. Exactly.

Mr. SISSON. Then there is no money with which to pay the bills on the outside?

Mr. KENNARD. That is it exactly.

Mr. SISSON. And you make the bills on the outside relying on the estimates of the Public Printer as being accurate?

Mr. KENNARD. That is it exactly.

FOR FISCAL YEAR 1922.

The CHAIRMAN. What about this $25,000 you are asking for 1922? You have already had a deficiency appropriation of $25,000 for 1922.

Mr. SHERWOOD. We asked for $50,000 at that time.

The CHAIRMAN. There is no use of your coming back for the other $25,000.

PUBLIC PRINTER'S BILLS FROM 1919 TO 1922.

Mr. SHERWOOD. I would like to read to you the Public Printer's bills for the last four or five years for this same purpose.

The CHAIRMAN. This is not for the Public Printer's bills; this is for supplies, including the exchange of typewriting and adding machines for the United States courts and judicial officers, to be expended under the direction of the Attorney General. This has nothing to do with printing.

Mr. SHERWOOD. Nearly half of that is used to pay for the printing that is done for the United States courts and judicial officers, such as blanks, dockets, and all kinds of printing.

The CHAIRMAN. There is not much use of limiting any of these departments in anything they ask, because if we do not give it to them they come back and ask for it again.

Mr. SHERWOOD. I will read these bills if you do not object. In 1918 the Public Printer's bill was $21,538.88; in 1919, $17,987.22; in 1920, $22,911.61; in 1921, $43,610.69, and for the present year, 1922, up to date we have an estimate from him for $31,600, with four months and a half to go. We furnish these officials with the blanks and dockets that are necessary for the transaction of the business of their offices.

Mr. HARRIS. This is one of those deficiencies that is caused by the increased business. The cases have to be docketed, and, of course, they have to have the dockets.

Mr. STEWART. We have to furnish all kinds of printing for them—dockets, blanks, forms, and things of that sort. The prohibition business and everything else has made the demands very heavy, although we have cut down the requests as much as we possibly can.

PURCHASE AND REBINDING OF LAW BOOKS FOR UNITED STATES JUDGES, ETC.

The CHAIRMAN. We will take up the next item for purchase and rebinding of law books, including the exchange thereof, for United States judges, district attorneys, and other judicial officers, for which you are asking a deficiency appropriation of $270.55 for the fiscal year 1920.

LAW BOOKS DELIVERED WITHOUT OFFICIAL ORDER.

Mr. SHERWOOD. That, Mr. Chairman, is caused by dealers from whom we have ordered books for the various officials, such as judges and district attorneys——

The CHAIRMAN (interposing). This is for 1920, is it not?

Mr. SHERWOOD. Yes. We order them and they will fill our order and the bill will be settled; then when it comes time to issue other books of the same set they send them to these judges, attorneys, marshals, or whoever they are, and they acknowledge receipt of them, and they mark across the face of the voucher, "Received," and mark the books, "The property of the United States," and there is nothing for us to do, then, but pay the bill.

The CHAIRMAN. Why should you pay the bill if a judge orders a book he has no right to order?

Mr. SHERWOOD. The department orders them in the first place, and then the book dealers send on continuations of the sets, and we do not know anything about it until we get their vouchers.

The CHAIRMAN. Then, we ought not to pay the bills. What right have they to send books that are not ordered?

Mr. SHERWOOD. Well, the books are received and marked "The property of the United States" and placed on the shelves of these various officers.

Mr. SISSON. You can not create a liability against the Government by that physical act.

Mr. SHERWOOD. No; and we have advised these book dealers that hereafter they must wait until they receive an official order before furnishing any books.

Mr. STEWART. As far as I concerned, I think the dealers—and we have warned them as much as we can—ought to whistle for their money.

The CHAIRMAN. I do not think they ought to be paid.

Mr. SHERWOOD. As I say, we have notified the dealers that hereafter they must not send books until they have an official order.

Mr. BYRNS. In these instances they have actually accepted the books and retained them?

Mr. STEWART. Yes; the courts have ordered these books, but they have had no order from the department.

Mr. BYRNS. But you have the books and if you do not want to pay for them you should turn the books back.

Mr. SISSON. I am willing that they should be turned back and the chairman is willing. In other words, the ordering authority ought to order these books and not the individual officers, and if this practice were continued Congress would not know how such money was being expended.

The CHAIRMAN. If everybody can be a purchasing agent for the Government—that is, if the booksellers can be purchasing agents for the Government—I do not know where our obligations are going to end. However, I presume it is not very often that anything like this happens.

Mr. SHERWOOD. No.

The CHAIRMAN. Because generally the Government does not pay what it does not owe.

Mr. SISSON. But the principle is all wrong.

Mr. HARRIS. These books have been ordered by United States judges, and when they get them and accept them there does not seem to be anything else to do but pay the bills.

The CHAIRMAN. I do not think that should follow at all. I had a letter from a district judge in Panama, and he said he thought it was entirely proper to buy a picture of Mr. Taft, the Chief Justice of the United States, and put it in his court. He sent the bill here for payment, but it was refused; he sent it to me and said it should be paid, but I sent it back to him and told him he ought to pay it.

Mr. STEWART. He sent it to us for payment, but the department wrote him and said, "Nothing doing."

The CHAIRMAN. He said he thought it was entirely proper for a judge to buy anything he wanted.

SUPPORT OF UNITED STATES PRISONERS.

We will take up the next item, support of prisoners. For the support of United States prisoners, including necessary clothing and medical aid, etc., you are asking a deficiency appropriation of $16,907.98. This is a 1919 deficiency?

AMOUNT DUE DEPARTMENT OF CORRECTION, NEW YORK CITY.

Mr. KENNARD. Yes, sir. The main portion of this—that is, $15,754.36—is proposed to be paid to the department of correction, New York City. It is the New York State Penitentiary on Blackwells Island. The circumstances which caused delay are, briefly stated, thus: We had a contract with them to maintain these prisoners at 67 cents per man, and they rendered their bills accordingly for quite a while. Later the bills began to come in at 90 cents per man; we declined payment on the ground that we had contracted for 67 cents; that we had no notice of the abrogation of the contract because of changes made in the rate by the State, and that until the receipt of formal notice setting aside the contract a just claim against us could not be for more than 67 cents; they refused to accept settlement on that basis, and so the matter was delayed from year to year.

Mr. HARRIS. They appealed to the comptroller, and the comptroller held that 67 cents was all that could be paid.

Mr. KENNARD. So ultimately, instead of paying a bill of $19,000, we paid only $15,000 or $16,000.

The CHAIRMAN. This is at the rate of 67 cents.

Mr. KENNARD. Yes, sir.

The CHAIRMAN. What is this $2,500 for repairs, betterments, etc.?

Mr. HARRIS. That is just the usual text.

Mr. KENNARD. That is the usual text of the appropriation?

The CHAIRMAN. The $15,754.36, then, is the amount due under the contract with the city of New York at 67 cents a day?

Mr. KENNARD. Yes, sir.

AMOUNT DUE DR. BRACKETT, SAN FRANCISCO, CALIF.

The CHAIRMAN. How do you make up the balance of the $16,907.98?

Mr. KENNARD. There are three other items involved in this deficiency. One is the bill of Dr. Brackett, of San Francisco, Calif., for visits and medicines to United States prisoners in the San Francisco

County jail in 1918. The doctor was long in rendering his bill, and after he rendered it——

The CHAIRMAN (interposing). How much is his bill?

Mr. KENNARD. $1,033.50.

The CHAIRMAN. Now give us the rest.

Mr. HARRIS. That was held up because we refused to settle the bill. He was under indictment and we prosecuted him, but he was acquitted. Then, of course, we had to pay that bill. We thought there were false claims in the original bill.

The CHAIRMAN. What difference does it make, if his bill was right, whether he was indicted or not?

Mr. HARRIS. We wanted to determine whether he had made any false claims.

Mr. SISSON. Was he indicted as to these items?

Mr. HARRIS. No, sir; on other matters; but we held up everything. We thought we would find that there were amounts due from him on previous bills paid.

Mr. BYRNS. If you found there were any such amounts you wanted to use them as a set-off?

Mr. HARRIS. Yes, sir; but he was acquitted.

Mr. SISSON. There were other items?

Mr. HARRIS. Yes; that we had previously paid.

Mr. SISSON. And which you thought were fraudulent?

Mr. HARRIS. Yes, sir.

Mr. SISSON. And which you would have recouped?

Mr. HARRIS. Yes, sir.

AMOUNT DUE WALKER DRUG CO., KETCHIKAN, ALASKA.

Mr. KENNARD. The next is the bill of the Walker Drug Co., Ketchikan, Alaska, for $51.55.

The CHAIRMAN. Is that for 1919?

Mr. KENNARD. Yes; it is all 1919.

The CHAIRMAN. One is 1918?

Mr. KENNARD. No; the December quarter, 1918, is the fiscal year 1919; it is all the fiscal year 1919.

The CHAIRMAN. How much is that bill?

Mr. KENNARD. $51.15. There was some delay in getting this bill. It is for drugs and medicines furnished Federal prisoners.

AMOUNT DUE DR. CHARLES J. ELLIS, PITTSBURGH, PA.

Then there is another bill of $68.97 in favor of Dr. Charles J. Ellis, Pittsburgh, Pa. This doctor was very slow in putting in his bill and there was some question about the authorization of the services, although it was found subsequently that he was entitled to the money. He was paid at the rate of $500 per year, which was to include all medicines and services rendered to prisoners in the Allegheny County jail. We had 480 prisoners there during the fiscal year 1919. This is only a portion of his bill, because the rest of his bill belongs in other years in which we have money.

The CHAIRMAN. What are the other bills?

Mr. KENNARD. That is all, and that makes up the entire amount.

The CHAIRMAN. That makes up the $16,907.98?

Mr. KENNARD. Yes, sir.

AUTHORIZATION TO PAY MISSOURI AND CONNECTICUT REFORMATORIES.

The CHAIRMAN. What have you to say about the following item:

The accounting officers of the Treasury are authorized and directed to allow from the appropriation for "Support of prisoners, United States courts," for the proper fiscal year, $19.42, covering the bill of the Missouri Reformatory at Boonville, Mo., and $18.08, covering the like bill of the Connecticut Reformatory at Cheshire, Conn., for clothing and discharge gratuities furnished United States Prisoners Oscar Culler and G. L. Duvack, who were confined in said institutions.

Mr. KENNARD. These prisoners were not entitled to this clothing, because they were committed for a period of less than six months, but the institutions in which they were confined, presuming that they were entitled to the clothing, furnished it to them: and while we have the money with which to pay these amounts, we are not able to pay them without authorization of law.

Mr. BYRNS. This is not the first time this estimate has been before the committee.

Mr. KENNARD. Yes; this is the first time this item has been presented.

AUTHORIZATION TO PAY CALIFORNIA STATE PRISON.

The CHAIRMAN. What have you to say about the following item:

The General Accounting Office is authorized and directed to allow under the appropriation "Support of prisoners, United States courts," for the proper fiscal year, the sum of $8, covering the bill of the California State prison at San Quentin, Calif., for an advance to discharged prisoners of the estimated cost of eight meals to be taken by said prisoners en route to their respective homes.

Mr. HARRIS. Those prisoners were discharged at San Francisco, and the warden figured that the $5 cash gratuity allowed by the Government was not sufficient to take them to their homes, so he gave one man $3 and one man $5.

The CHAIRMAN. Then he should have paid it out of his own pocket and not wasted the Government's time in printing this item.

Mr. HARRIS. It is very difficult to get these State institutions to understand the restrictions of the Federal laws with respect to gratuities.

Mr. SISSON. I do not think that sort of a claim should be paid.

Mr. HARRIS. But we are in this position: We ask them—and sometimes almost get on our knees—to accept these prisoners, and they say, "If you do not want to pay these bills take your prisoners away."

Mr. KENNARD. This amount is due the State of California—it is the California State Prison.

The CHAIRMAN. And the warden of the California State Penitentiary paid the money?

Mr. HARRIS. Yes.

The CHAIRMAN. No doubt it has cost more than $50 to print this stuff, including the correspondence.

Mr. HARRIS. We had several instances in Maryland where they told us to take the prisoners out, and we had to move some to Rhode Island at a cost of about $300.

Mr. KENNARD. We have the money, but we are unable to pay it without this authorization. We are not asking for any money.

WEDNESDAY, FEBRUARY 15, 1922.

PENAL INSTITUTIONS.

STATEMENTS OF MR. H. H. VOTAW, SUPERINTENDENT OF PRISONS, AND MR. SEWALL KEY, ASSISTANT.

ATLANTA, GA.

SUBSISTENCE, ETC.

The CHAIRMAN. At the Atlanta (Ga.) Penitentiary, "for subsistence, including supplies from the prison stores," etc., you ask $25,000. Please tell us why you want that amount.

Mr. VOTAW. You will notice that the estimate submitted was $195,000, and that we were given $165,000.

The CHAIRMAN. It does not make any difference what the estimate was.

Mr. VOTAW. No, sir.

The CHAIRMAN. You must try to live within the amount of the appropriation. What have you done with this, allotted it?

Mr. VOTAW. There has been an increase in the population there. The average daily population during the first six months of the fiscal year was 2,157, an increase of 350.

The CHAIRMAN. How many were there when the estimate was made?

Mr. VOTAW. I can not say, because it was submitted prior to my coming into office.

The CHAIRMAN. Your contention is that you can not get along with the existing appropriation?

Mr. VOTAW. We can not feed the prisoners.

The CHAIRMAN. What does it cost per capita to feed them?

Mr. VOTAW. Twenty-nine cents, approximately, to feed a man a day.

The CHAIRMAN. This year?

Mr. VOTAW. Yes, sir; for the first six months of the present year.

The CHAIRMAN. What did it cost last year?

Mr. VOTAW. About 32 cents. As a matter of fact, I can tell you, Mr. Chairman, because when I was in Atlanta in January the warden then said that they were bringing it down a little. I think it is now perhaps 28 cents.

The CHAIRMAN. You expended in 1921 $187,000?

Mr. VOTAW. Yes, sir.

The CHAIRMAN. You estimated $195,000 in 1922?

Mr. VOTAW. Yes, sir.

The CHAIRMAN. You have three hundred and odd more prisoners than you had in 1921?

Mr. VOTAW. For the first six months the average daily population was 350 greater than the preceding year—that is, for the first six months of 1921.

The CHAIRMAN. Why do you estimate for $25,000 as just the amount you need?

Mr. VOTAW. I have to take some of these things which they prepare. This is what they say, by way of explanation: The amount

appropriated under this head for the current ficsal year is $165,000. During the first six months of the fiscal year, with an average daily population of 2,157, there was expended $114,285.48, or a daily subsistence cost per man of approximately 29 cents, leaving a balance of $50,714.52. On the basis of the present cost of supplies, allowing for the usual spring farm crop and estimating a probable increase of 200 in population during the last half of the year, it is estimated that an additional $25,000 will be needed for subsistence.

In the last half of each fiscal year the population is larger than in the first half. The courts in the summer do not send them quite as rapidly; in the fall and winter they send them. I think that is conservative.

The CHAIRMAN. How does the ratio of increase compare with the number that go out?

Mr. VOTAW. This is the daily average.

The CHAIRMAN. What did you expend up to the 1st of January?

Mr. KEY. Up to January 31, expended, paid, and unpaid, $128,-246 45, but these estimates were made up as of December 31.

The CHAIRMAN. You actually do not need $25,000?

Mr. KEY. We have only available a total amount of $165,000, and the first six months we spent $114,000.

The CHAIRMAN. Not the first six months?

Mr. KEY. The 31st of December—six months.

The CHAIRMAN. That is $128,000?

Mr. KEY. The estimates were prepared as of December 31. Up to that time we had spent $114,000. The last report I have on the condition of the appropriation—we get a monthly report, and this $128,000 is the January 31 report——

The CHAIRMAN (interposing). How much have you left now?

Mr. KEY. It cost $114,000 the first six months, figuring the daily cost of maintenance at 29 cents, and there was remaining a balance of $51,000 for the last six months——

Mr. VOTAW (interposing). We will have more prisoners the last six months than the first six months.

Mr. KEY. $25,000 is a very conservative estimate.

M'NEIL ISLAND, WASH.

MISCELANEOUS EXPENDITURES.

The CHAIRMAN. What is the next item, McNeil Island?

Mr. VOTAW. Yes, sir.

The CHAIRMAN. What are you doing there?

Mr. VOTAW. There was appropriated under this head for the current fiscal year $27,500. The actual and contracted expenditures during the first six months were $21,038.70. Of this amount $6,930 was for specific expenditures for imperative and essential improvements and repairs. Deducting this amount from $21,038.70 leaves a balance of $14,108.70, or about $6,000 over one-half of the appropriation expended for the usual and ordinary items during the first six months. The average daily population during this period was 318. Allowing for a probable increase in population of 25, it is thought that the expenditures for the remaining half of the year

for the usual and ordinary items will be about the same as for the preceding six months. It will be seen, therefore, that a deficiency will arise in this subappropriation for approximately the amount of the special expenditures herein mentioned.

The CHAIRMAN. The expenditure there has nothing to do with feeding anybody?

Mr. VOTAW. No, sir.

The CHAIRMAN. Why do you not live within the appropriation on these other items? It is a question of whether you are going to make the appropriations or whether Congress is. You come in here with a deficiency on a matter which you could get along just as well without. We want everyone to understand that except on essential and imperative things the appropriation means the law. When you take the oath to obey the law, it means that you take an oath to obey the appropriations just as much as you do the Constitution of the United States. The practice in the past has been to go on and pay no attention whatever to the appropriation, just make such allotment or expenditure as you please and then come back here. We might as well have everybody understand that it is not going to be done. In the case of the Atlanta Penitentiary, where you are dealing with human necessities, that is a different proposition, but here you are dealing with inanimate things, buying buckets, putting in a stable here, something else there, or sending telegrams or telephones, or you are buying tools here and there. Of course, proper conservation of the amount appropriated involves living within it.

Mr. VOTAW. I appreciate that, Mr. Chairman. There has been an honest effort, and if you will notice some of the things we have had to buy. Here is a pump for water supply.

The CHAIRMAN. We gave you some money for that purpose.

Mr. KEY. That was for the waterworks system; for a new water tank, pipes, and connections; this is for a well.

The CHAIRMAN. It is the same; it belongs to the waterworks system.

Mr. KEY. That estimate did not include this pump.

The CHAIRMAN. We did not know that. You were talking about the pump when you came and asked for some money for the water system. Did you not also state that you were sinking a well?

Mr. KEY. We have been sinking wells there for very long, one after another, for a number of years, but the pump was not included in the estimate.

The CHAIRMAN. How much did that cost you?

Mr. KEY. $8,200, I think was the estimate. That was for a new tank, pipes, etc.

The CHAIRMAN. What is the state of your appropriation now?

Mr. VOTAW. For the half of the year there has been expended $21,038.70.

The CHAIRMAN. That simply indicates that nobody pays any attention to the appropriation, does it not?

Mr. KEY. Those things were authorized in that appropriation as absolutely essential, in our judgment, at the time we made them.

The CHAIRMAN. What authority have you for that?

Mr. KEY. It was a question of getting water for the prisoners to drink.

The CHAIRMAN. You got that for $8.200?

Mr. KEY. That was not a pump and was not included in the item that was estimated for the tank and the new pipes.

The CHAIRMAN. That was only $600, but after all the main thing is to realize that the appropriation is the law.

Mr. KEY. We do, and there is, in my opinion, a conscientious effort to live within the appropriation.

The CHAIRMAN. But a conscientious effort is not worth much. We want you to live within it. No effort counts unless you complete it. We want you to know that we are not going to encourage any of these deficiencies. The law is the law, and nobody except Congress is going to make the appropriation.

Mr. KEY. It was either a question of purchasing them or letting the public service and prisoners suffer.

The CHAIRMAN. You think it is one of the things that you have to do?

Mr. KEY. Yes, sir.

The CHAIRMAN. Do not do it. Just keep that in mind. We are not going to encourage or even condone any deficiency estimates. Do not submit them; live within the law. There is a provision in the deficiency law under which those who violate it can be removed from office and be fined and imprisoned. Dealing with the prison situation all the time you gentlemen should be very careful, because you can see what it means.

Mr. KEY. This authorization was made by the Attorney General, made upon our recommendation, it is true.

The CHAIRMAN. There is no authority to make an authorization except Congress. If this authorization was made in advance, it is equivalent to an appropriation. We just want it understood that you do not make appropriations, we make them, and until they are made you have no authority to do these things.

EQUIPMENT COMMISSION, UNITED STATES PENITENTIARIES.

Mr. VOTAW. There is one item on page 75.

The CHAIRMAN. This is a new item?

Mr. VOTAW. Yes, sir; authorizing the creation of a commission.

The CHAIRMAN. We can not consider that. That is legislation. This committee has no legislative jurisdiction.

Mr. VOTAW. The only reason this was submitted is, I was informed, that when the Atlanta penitentiary textile mill was started they told me it was put in on a similar plan as this—attached to a deficiency bill.

The CHAIRMAN. That practice used to prevail, but it does not any longer.

Mr. VOTAW. I did not know. This is a very pressing question.

The CHAIRMAN. That will have to be done by legislation.

Mr. VOTAW. The reason this was submitted was because I was informed that it was the course pursued when the other mill was started in Atlanta.

The CHAIRMAN. I remember when that was started. That was a war-time measure.

Mr. VOTAW. Yes, sir.

The CHAIRMAN. It was done as a matter of war expediency.

Mr. VOTAW. It may have been.

The CHAIRMAN. Anyway, the rules of the House have been changed so that we can not consider anything like this. We might as well tell you frankly about it.

Mr. VOTAW. That is what I want, of course.

Mr. KEY. At the suggestion of the Budget we put into reserve $70,000 from our appropriation.

The CHAIRMAN. I hope you will have it to turn into the Treasury.

FRIDAY, FEBRUARY 17, 1922.

COURT OF CLAIMS.

STATEMENT OF MR. J. BRADLEY TANNER, CHIEF CLERK, UNITED STATES COURT OF CLAIMS.

STATIONERY, REPAIRS, FUEL, ETC.

The CHAIRMAN. For stationery, court library, repairs, including repairs to bicycles, fuel, electric light, electric elevator, and other miscellaneous expenses, you are asking a deficiency appropriation of $1,800. Why do you need the $1,800?

Mr. TANNER. This $1,800 is for the ordinary current running expenses of the Court of Claims to carry us through to the 30th day of June, 1922.

The CHAIRMAN. Why do you need more now than you have had at any time?

Mr. TANNER. We had $6,800 last year and with the utmost economy it only just carried us through.

The CHAIRMAN. You never get away from anything you get after you once get it.

Mr. TANNER. Not if we require it.

The CHAIRMAN. Not if you can get it, you mean.

Mr. TANNER. No, sir; I mean not if we require it.

The CHAIRMAN. Tell us why you require it.

Mr. TANNER. We require it for stationery, equipment, office supplies, fuel, and everything it takes to run the Court of Claims. The work in the Court of Claims is very similar to the work in the Department of Justice in regard to the proportion of the first half of the year to the second half of the year. During the summer most of the attorneys, both in the Department of Justice and elsewhere, are away on vacations or taking testimony and they do not start their work until they get back in the fall, when they begin bringing in testimony, and it is not until about January that we get most of our business, and from then on to the end of the year the business increases in every way right straight through, so that the proportion of our expenditures in the second half of the year is almost four to one in the first half.

The CHAIRMAN. For what particular thing do you want this $1,800?

Mr. TANNER. There is no particular thing; it is required right on down the line.

EXPENDITURES FOR FIRST EIGHT MONTHS.

The CHAIRMAN. How much money have you on hand now?

Mr. TANNER. I had on hand on January 1 $3,362.73.

The CHAIRMAN. Out of $5,000?

Mr. TANNER. Yes, sir.

The CHAIRMAN. Then you have only spent $1,700?

Mr. TANNER. Yes, sir; up to January 1.

The CHAIRMAN. Then it is fair to assume you do not need $5,300 for the next four months.

Mr. TANNER. No, sir. The expenditures, including the next four months, will be, to carry us through the second half of the year, approximately $5,100. I had on the 1st of January $3,300, leaving a deficiency of $1,800, and that is for six months and not four months.

The CHAIRMAN. That was on the 1st of January. I asked you how much you had on hand now and you answered that question by saying you had spent $1,700.

Mr. TANNER. That was for the six months ending December 31 and not for the eight months ending February 28.

The CHAIRMAN. If you have only spent $1,700 during the first six months and have $3,300 to spend during the next six months you have almost twice as much as you had for the first six months. Why do you want any more?

Mr. TANNER. My balance in the Treasury to-day is $2,446.74.

The CHAIRMAN. That is practically the 1st of March.

Mr. TANNER. The 15th of February. There are outstanding bills of $650.53, which will give me a balance on the 1st of March of $1,796.21.

The CHAIRMAN. That will be for four months?

Mr. TANNER. Yes, sir. The disbursements last year for these four months were about $3,400, and the disbursement this year will not be any less, because our business is increasing every year. We will require $3,600 to take us to the end of the year and we now have approximately $1,800, so that there is the need of this deficiency appropriation of $1,800.

The cost of conducting the court this year is almost exactly the same as last year. On March 1 last year our balance with the Treasurer was only $1,516.42, as against $1,796.21, which it will be, probably, this year; but at that time last year we had paid out $351.37 more for coal than we have this year. This year we have yet to pay for almost our entire coal supply for the second six months of the fiscal year. Last year the absolutely necessary disbursements from March 1 to the end of the fiscal year were $3,316.42, and, as I have said, we had already paid out $351.37 more for coal than we have this year, so that it will be seen that it will be necessary for us to have $3,500 and upward to carry us through this year, and we will then not spend a dollar more than we did last year. As we will have on March 1 about $1,700 balance with the Treasurer, it is apparent that this deficiency appropriation of $1,800 is absolutely necessary to carry us through to June 30. We will then have spent no more than we did last year, although we are disposing of a largely increased amount of litigation, especially of the avalanche of war claims to which the Attorney General has directed the attention of Congress in his annual reports for 1920 and 1921.

Upon these claims, as pointed out by the Attorney General, actions involving approximately $300,000,000 have already been commenced in the Court of Claims, upon which the court is now at work, in addition to the usual volume of current litigation, and the ultimate aggregate of the war claims which the Court of Claims will be called upon to determine the Attorney General in his report for 1921 says "can be conservatively estimated at between $2,000,000,000 and $3,000,000,000." If the court is to properly perform its duty under these circumstances, it is apparent that Congress must make financial provision for it to at least the same amount as was made last year.

The CHAIRMAN. You mean to say you have not tried to live within the appropriation?

Mr. TANNER. Yes, sir; we certainly have tried to live within the appropriation. I would like the committee to understand——

The CHAIRMAN (interposing). Then why do you not live within the appropriation if you try to do so?

Mr. TANNER. Because it can not be done. We must have stationery, we must have fuel, we must have light, and we must have telephone service; we must have all of those and other things or we must stop functioning.

Mr. BYRNS. I notice that the greatest proportion of this appropriation is for repairs and maintenance.

Mr. TANNER. Well, maintenance, of course, is one of the largest items.

Mr. BYRNS. What do you include in that—coal?

Mr. TANNER. Fuel, which is the largest item we have, and the expenditure for fuel last year was $2,000; repairs to building, furnishings and equipment, light, power, material for the running of the building, such as soap, mops, buckets, ice, and the innumerable things necessary in running the building and the court.

Mr. BYRNS. How much of it represents repairs? My recollection is that you were given an appropriation for certain special repairs.

Mr. TANNER. Yes, sir; they were special repairs, while the repairs included in our estimates are just the ordinary repairs. We have to have repairs as the years go along, current repairs from time to time, just to keep the building in oder. The appropriation which you gentlemen gave me a couple of months ago was for special matters of emergency. We had to have a new furnace, and we had to make some changes.

Mr. BYRNS. My recollection is that you were going to save a lot of money by having that new furnace.

Mr. TANNER. We are, and if we do not I am going to be very much disappointed.

Mr. BYRNS. You mean you have not yet installed the new furnace?

Mr. TANNER No, sir; the court has been too busy to adjourn for 10 days to allow its installation.

REPAIRS TO BICYCLES.

Mr. GALLIVAN. How many bicycles have you?

Mr. TANNER. I think we have about four; I am not positive as to the exact number.

Mr. GALLIVAN. For what purpose do you use them?

Mr. TANNER. Well, messengers run errands on them.

Mr. GALLIVAN. From what point to what point?

Mr. TANNER. Everywhere the judges send them. We have to send packages every day to the Printing Office and send things to various parts of the city.

Mr. GALLIVAN. I do not know that it is of importance, but it is a peculiar item to see in a bill—repairs to bicycles.

Mr. TANNER. That bicycle item is a very economical item for us, because it saves us car fare.

Mr. GALLIVAN. You might have automobiles if you did not have bicycles. I want to ask another question. Did you get the full amount of your appropriation in the original bill?

Mr. TANNER. No, sir.

Mr. GALLIVAN. How much were you cut?

The CHAIRMAN. The amount they asked for was $7,300.

Mr. TANNER. But coal has dropped off some, so that $6,800 would be correct, and we only got $5,000. When those estimates were made coal was at a higher price, but coal has now dropped off some.

NECESSITY FOR DEFICIENCY APPROPRIATION.

The CHAIRMAN. The funny thing about it is that not a single activity in any department of the Government ever undertakes to live within the appropriations made; they take it as a religious duty to ignore the appropriations and to come back here for deficiencies, and to insist upon the original estimate as the amount of the deficiency.

Mr. TANNER In this case it is because I knew, and we all knew, at the beginning of the year that it would take $6,800. We have come back to you because we have go to have it or we can not go on.

Mr. BYRNS. It would appear, beginning with March 1, that you have for the remaining four months the proportionate part of the original appropriation; in other words, slightly over $400 a month to expend. Of course, during the next four months you will not have the need for fuel, and things of that sort, that you have had for December, January, and February, and if you could get along at the rate of $400 a month for those months, why is it not possible to get along during the warmer months of the spring and the first summer months?

Mr. TANNER. Our fire usually runs into or through the month of April, and most of our coal bills are paid in the second half of the year. It very often happens—I know it mostly happens—that we pay for all our coal in the second half of the year. Last year we paid $1,985 and some cents for coal in the second half of the year and did not pay a dollar in the first half. I have already stated that the same condition exists this year.

Mr. BYRNS. But, as I understand, when you pay the outstanding obligations you will have $1,700 for four months, which is your proportionate part of the original appropriation.

Mr. TANNER. Certainly, if you divide the appropriation by months, but that can not be done; it can not be done. Our disbursements will run nearly four times as much in the second half, and particularly in the last quarter, as in the first half. For instance, in July, August, and September we have practically no electric light, we have not so much power, we have no fuel, and we do not need anything like as much stationery and office supplies, because that part is very much

lighter than it is during the rest of the year. I have already explained that last year we paid about $2,000 for fuel in the second half of the year and this year we have yet to pay our big bills. That is what part of this deficiency is for. I have tried to figure out some method of dividing it up at so much per month, but it simply can not be done in the work of a court. For instance, take our printing appropriation; that will run exactly the same way, and last year we just barely got through with our printing appropriation, but there was three or four times as much in the second half of the year as in the first half. You see, we can not control the way business is brought into our court.

The CHAIRMAN. We find a uniform system on the part of every activity of the Government. I do not say they have held a meeting and agreed upon a plan of invasion here, but it amounts to the same thing, because they always come here exactly alike.

Mr. TANNER. I want to say with all the emphasis I can that the court of claims is an independent establishment and we are not here in pursuance of any relations whatever with any other department of the Government, or upon any plan of invasion, or for anything except the legitimate and necessary needs of the court.

The CHAIRMAN. I know, but notwithstanding that, they all come alike, and it looks as though there had been a meeting held some place, and that these fellows have passed the word along the line, "We will go and all make the same claims, and we will just say we have got to have what we originally estimated, and that if we do not get it we can not run the job."

Mr. TANNER. Is not that perfectly logical and natural where the original estimate is the proper amount?

The CHAIRMAN. We do not know about that.

Mr. TANNER. Of course, I can see perfectly well that the business of the Department of Justice would run very similar to ours, because it is dependent upon the volume of litigation, and the same condition exists in the Department of Justice as exists in our court, but there is no collusion between the two.

PROPOSED EXPENDITURES.

The CHAIRMAN. I do not think there is anything else you care to add to this.

Mr. TANNER. Unless you want to know some of the things I have got to do in addition to the $1,800 which is necessary to carry us through the year with the ordinary run of things.

The CHAIRMAN. We would like to have you enumerate what you use the money for.

Mr. TANNER. I propose, for one thing, to do away with the old towels and laundering and to put in paper towel outfits, and I can save $75 a year by doing that.

The CHAIRMAN. How much will the original investment cost?

Mr. TANNER. I am asking $50 to install it. Then, of course, we have to pay for the paper towels, but that is a small item, because we can buy them by the case. It will be far cheaper than buying towels and having the towels laundered, and in addition we would

have the benefit of the sanitary feature of it. The same thing applies in regard to liquid soap containers.

The CHAIRMAN. The work of the court does not have anything to do with these things, does it?

Mr. TANNER. No, sir. The things I am telling you about now are just the ordinary running expenses of the court. We have got to have six new water coolers. We have [illegible] of them, and they are over 15 years old.

The CHAIRMAN. Are they not as good when they are 15 years old as when they are 1 year old?

Mr. TANNER. No, sir; they have gone to pieces. We can take parts of six and fix them up with parts of six others and make six good ones, but we must have six new ones. We have only one electric fan in the place, and one of the judges refused to stay in the place last summer unless he had an electric fan, and I had to scrape $40 together and get him one.

The CHAIRMAN. Why did you not let him retire?

Mr. TANNER. Well, I had some idea that the court ought to be doing its work.

The CHAIRMAN. If he was as independent as that, he ought not to have his job.

Mr. TANNER. Well, I do not know about that. If you walk across the square to the city post office any evening, you will find beautiful American flags flying in each one of those windows; I have not counted the windows, but I think there are 10 or 12 on one side, and each one of those flags is blown by an electric fan. I think if the city post office can do that sort of thing we ought to be entitled to have a little comfort.

The CHAIRMAN. If that is the basis upon which you want to create an extravagance, it is all right; but two extravagances do not make it any better.

Mr. TANNER. I agree with you, sir; if you consider an electric fan, to enable a man to do his work properly in hot weather in the summer time, an extravagance.

The CHAIRMAN (interposing). I live without an electric fan.

Mr. TANNER. I do, too.

The CHAIRMAN. Then, what better is he than you or I?

Mr. TANNER. I have got to have 10 awnings to cover the west sunny side of the court. That will cost $125.

The CHAIRMAN. I do not have any awnings on my house.

Mr. SISSON. Mr. Chairman, are these items deficiencies?

The CHAIRMAN. That is what he says.

Mr. TANNER. No; the items I am discussing now are not items of deficiency; they are things we [illegible] necessary to carry us through the year with the ordinary [illegible] of expenses.

Mr. SISSON. Then they are not deficiencies?

Mr. TANNER. These I have been [illegible] of are not [illegible] deficiencies. I [illegible]

The CHAIRMAN. [illegible] I am not [illegible]

Mr. CANNON. What [illegible]

The CHAIRMAN. This is the Court of Claims.

Mr. CANNON. I want to know on what you have been heard.

Mr. TANNER. I have stated this—and I want to preface it by saying that there is not one dollar wasted in the Court of Claims; we buy at the very lowest prices and we buy only the things that it is absolutely necessary for us to have, but we can not run the Court of Claims on an appropriation of $5,000 a year. We had $6,800 last year, and every dollar of it was expended with the greatest care and with the utmost economy, and it just carried us through the year. My estimates for this year were a trifle over $6,800.

Mr. CANNON. I do not want to go into it fully, but how much do you want?

Mr. TANNER. I ask for $1,800, and we need it absolutely.

Mr. CANNON. How much have you now?

Mr. TANNER. I have in bank now practically $1,796.

Mr. CANNON. That is for use during the balance of this fiscal year?

Mr. TANNER. Yes, sir; it will take $3,600, and we have practically $1,800.

Mr. CANNON. So you think you will need an additional $1,800 for the balance of the year?

Mr. TANNER. Yes, sir.

Mr. CANNON. You were talking about electric fans. I think the Court of Claims is entitled to electric fans.

Mr. TANNER. I spoke about the electric fans as being outside of the ordinary running expenses. What I was discussing when you came in were matters we ought to have which are not within the ordinary running expenses of the court; we can not have them because our running expenses do not allow us to purchase them; we have not enough money; the money I am now asking for is for the ordinary expenses of the court, and it is merely for stationery, fuel, light, heat, power, and things of that kind that we must actually have to live.

Mr. CANNON. There is no question about your getting it if that is correct. Is it a deficiency for the balance of this year?

Mr. TANNER. Yes, sir; it is.

Mr. CANNON. And you have the estimate?

Mr. TANNER. Yes, sir; I have the figures right here.

Mr. CANNON. Then the hearings will show, and I will not take up any further time of the subcommittee, because I can read the facts in the record. We had better abolish the Court of Claims unless we give it what is necessary to heat it in the winter and make it comfortable in the summer.

Mr. TANNER. Well, sir, we are at your mercy.

Mr. CANNON. I am in favor of giving the Court of Claims what is necessary for it to function and function with comfort.

TUESDAY, FEBRUARY 14, 1922.

POST OFFICE DEPARTMENT.

STATEMENT OF MR. THOMAS J. HOWELL, ASSISTANT CHIEF CLERK.

CONTINGENT EXPENSES.

FUEL, REPAIRS TO HEATING, LIGHTING, ICE, AND POWER PLANT, ETC.

The CHAIRMAN. For contingent expenses, fuel, repairs, etc., you are asking $10,000.

Mr. HOWELL. This additional amount is necessary on account of the increased cost of fuel, due to the fact that it is necessary for the department to burn anthracite coal in order to avoid violating the smoke law of the District of Columbia and to enable the department to make certain needed repairs and improvements to the present equipment which will permit the burning of bituminous coal 24 hours a day and also decrease the amount of coal consumed in a given period.

The CHAIRMAN. When did you commence using anthracite coal?

Mr. HOWELL. Since the war; we commenced using anthracite coal about May, 1921.

The CHAIRMAN. Did you have any trouble before that?

Mr. HOWELL. That was after the war. I will go back a little bit. During President Roosevelt's administration, the President wrote a letter to the Postmaster General about violation of the smoke law——

The CHAIRMAN (interposing). I know all about that. It will not be necessary to go into that.

Mr. HOWELL. We have been burning anthracite coal ever since that time, or up until the late war. During the war we had to go back to burning soft coal, because we were fortunate to get any kind of coal. The health officer realized the condition and did not vigorously enforce the law; but since the war the health officer has got into the saddle again and is now vigorously enforcing this smoke law. With our equipment we can not burn bituminous coal without making a smoke but we can burn anthracite coal without making smoke at a much greater expense to the Government.

The CHAIRMAN. You asked $65,000 for 1923 for this purpose and why should you want $70,000 for 1922?

Mr. HOWELL. We asked for $65,000 because we figured the price of coal would probably go down at least $1 per ton.

The CHAIRMAN. You can get along on the $60,000 that you have, can you not?

Mr. HOWELL. No, sir; we can not.

The CHAIRMAN. Why not?

Mr. HOWELL. It is due to the increased cost of fuel.

The CHAIRMAN. How much of this is for the removal of ashes?

Mr. HOWELL. About $1,500 per annum.

The CHAIRMAN. How much of it is for electrical supplies?

Mr. HOWELL. We estimated on spending $5,800.

The CHAIRMAN. Out of the $10,000?

Mr. HOWELL. No, sir; out of the total appropriation.

The CHAIRMAN. How many tons of coal do you burn?

Mr. HOWELL. Last year we burned 5,400 tons of coal.

The CHAIRMAN. How much did you pay for it?

Mr. HOWELL. Our average price for 4,412 tons of bituminous coal was $9.34 per ton; for 982 tons of anthracite pea coal the average price was $10.03 per ton; for 6 tons anthracite chestnut, $12.83 per ton.

The CHAIRMAN. How much does that amount to?

Mr. HOWELL. That amounted to a total of $52,633.43.

The CHAIRMAN. How many tons of coal do you contemplate burning under this estimate?

Mr. HOWELL. We expect to burn the same amount or tonnage, except that the ratio of hard and soft coal will be different. For the first five months of the fiscal year it ran about 50-50 hard and soft, but now the ratio is 66 per cent soft and 34 per cent hard. This ratio will vary. We are paying now for hard coal $10.55 per ton.

The CHAIRMAN. That is for hard coal?

Mr. HOWELL. Yes, sir; pea coal, as against, during January, $7.54 per ton for soft coal.

The CHAIRMAN. Where do you get your coal?

Mr. HOWELL. From the Government fuel yard.

The CHAIRMAN. Do you get it for $10.50 per ton?

Mr. HOWELL. During January it cost $10.55 per ton.

The CHAIRMAN. A man was here a few moments ago who said that it cost $12.69 per ton at the White House.

Mr. HOWELL. That is, delivered at the curb.

The CHAIRMAN. What is bituminous coal costing you?

Mr. HOWELL. Bituminous coal cost us during January $7.54 per ton.

The CHAIRMAN. What proportion of bituminous coal do you use?

Mr. HOWELL. During the first five months of this year we burned hard coal during the daytime. That is the time the heaviest load is imposed upon the power plant. After 5 o'clock at night we are able to burn soft coal without violating the law, because we are not carrying any load to speak of. During the first five months of the fiscal year we ran about 50–50, but after I appeared before the committee on the regular appropriations for 1923 we started to experiment a little further. During the daytime we tried a mixture of 50–50 anthracite and bituminous coal. We are business men down at the Post Office Department and do not like the idea of paying $10.55 for coal when we can get the same, if not better, results with soft coal at $7.54 per ton——

The CHAIRMAN. I am glad to learn that you are business men down there.

Mr. HOWELL. Thank you, Mr. Chairman. As I stated, we carried our experiments further, and were running on a 50–50 mixture basis. The result was that we were arrested by the health officer.

The CHAIRMAN. Who was arrested?

Mr. HOWELL. The chief clerk.

The CHAIRMAN. What happened to him?

Mr. HOWELL. The case has not been taken up yet. I understand that the health officer also arrested the Director of the Bureau of Engraving and Printing and the chief clerk of the Department of

Agriculture. It is my understanding that they are going to make a test case.

The CHAIRMAN. Tell us about this coal. How much coal will you have to have?

Mr. HOWELL. Our estimate for 1922 was $44,000 for coal, but we will need, based on our present records, about $52,000 for coal. We figure that we will use out of this $10,000 between four and five thousand dollars for coal, and the balance we want to use for equipment that will enable us to burn soft coal 24 hours per day and at the same time decrease our net tonnage.

The CHAIRMAN. You want $5,000 for equipment?

Mr. HOWELL. We want $5,000 for equipment, or between five and six thousand dollars for equipment, and $4,000 for coal.

The CHAIRMAN. Suppose you do not get the equipment, what will happen to you?

Mr. HOWELL. We will just have to get through the best we can. If we could get the new equipment, we would be able to effect a saving of between $10,000 and $15,000 annually.

The CHAIRMAN. It will be summer time before you could get the equipment in, and you will not need much coal then.

Mr. HOWELL. We could save in our total tonnage anywhere from 10 to 25 per cent, or between 500 and 1,000 tons of coal annually.

The CHAIRMAN. I have heard a lot of talk about that, but never saw the results.

Mr. HOWELL. There are two or three plants here in Washington now doing it. It is a business proposition, and we figure that we can save the cost of the equipment in one year.

REIMBURSEMENT OF GOVERNMENT PRINTING OFFICE FOR HEAT, LIGHT, AND POWER FURNISHED TO CITY POST OFFICE.

The CHAIRMAN. For reimbursement of the Government Printing Office for the cost of furnishing steam for heating and electric current for lighting and power to the Post Office Building at Massachusetts Avenue and North Capitol Street you are asking $12,000. What is that for?

Mr. HOWELL. This amount is required in order to enable the department to reimburse the Government Printing Office for the cost of furnishing heat, light, and power to the new City Post Office Building at Massachusetts Avenue and North Capitol Street, Washington, D. C. The original estimate of 1922—$45,000—was based upon the amount expended in the fiscal year 1920, namely, $47,337.73. This estimate was prepared and submitted to the Secretary of the Treasury in October, 1920, and was enacted into law on March 3, 1921. The amount expended during the fiscal year 1921, however, amounted to $55,522.85, but these figures, of course, were not available until long after the estimate had been submitted and enacted into law.

The CHAIRMAN. How much was allowed for this purpose in the present Post Office appropriation bill?

Mr. HOWELL. $50,000.

The CHAIRMAN. You do not need this much money for the balance of the year?

Mr. HOWELL. Yes, sir; we need $12,000 more for the balance of the year.

The CHAIRMAN. Why?

Mr. HOWELL. We buy all of our heat, light, and power from the Government Printing Office, and this simply covers the cost of the heat, light, and power that they furnish us. The terminal railway post office is located in the subbasement, 25 feet below the street level, and operates 24 hours per day. The city post office also operates 24 hours per day. We have effected every possible economy, by installing chain-pull sockets for individual lights, by means of which individual lights are controlled, instead of turning on and off long chains of lights, frequent daily inspections, etc.

Mr. BYRNS. What is the status of this fund now, or what expenditures are to be made?

Mr. HOWELL. During the first six months, or up to date, including January, we have expended $34,106.71.

The CHAIRMAN. You will not need so much after this, because the days are getting longer and you will not need so much light.

Mr. HOWELL. It will figure about $58,000. Our appropriation for the last fiscal year was $57,000. The original appropriation was $40,000, and we came up here and secured a deficiency of $17,000, which was granted, and of that total amount we expended $55,522.85.

The CHAIRMAN. The appropriation for 1921 was $40,000.

Mr. HOWELL. We had a deficiency appropriation of $17,000.

The CHAIRMAN. And you have expended so far this year——

Mr. HOWELL (interposing). $34,106.71. We are not asking for more money than we had during the last fiscal year. The economies we are effecting enable us to keep it down.

The CHAIRMAN. The Public Printer makes the current and supplies it to you?

Mr. HOWELL. Yes, sir; he supplies us and bills us for it.

Mr. BYRNS. Certainly for the next six months you will not need so much heat?

Mr. HOWELL. I can give you some figures on that. During January, 1921, the expenditure for heat was $4,048.55; for February, $3,793.36; for March, $2,187.76; for April, $1,266.80; for May, $1,479.41, and for June, $478.75.

Mr. BYRNS. There is a rapid reduction there, and you will not need the same amount for heat.

Mr. HOWELL. Our current runs practically on an even load all the time. For July, 1921, we had a bill of $2,800.20; for August, $3,010.15; for January, $3,025.28; for March, $2,841.61; and for May, $2,461.20. It runs along pretty evenly there. We have averaged this up from the figures that we now have available for the previous year.

Mr. BYRNS. You expended $55,000 last year?

Mr. HOWELL. $55,522.85.

TELEPHONE SERVICE.

The CHAIRMAN. What about this item of not exceeding $3,000 additional for telephone service?

Mr. HOWELL. That is not an appropriation, but it is simply authority to allow us to expend that much out of an appropriation that you have already made us.

The CHAIRMAN. That contingent expense is too high now, is it not?

Mr. HOWELL. No, sir; the reason we need authority to expend $3,000 more for telephone service is due to the increased traffic in long-distance calls, interdepartmental messages, and local calls.

The CHAIRMAN. That is not necessary, is it?

Mr. HOWELL. It is absolutely necessary. It does not mean the appropriation of any more money.

The CHAIRMAN. If we cut $3,000 off the contingent expense it might help some.

Mr. HOWELL. No, sir; that would be very embarrassing, because we would not be able to pay our bills. You restricted us to $13,000 as the amount that could be expended for telephone service, and our telephone bills for the first six months will amount to $7,686.85.

The CHAIRMAN. Anybody can talk over the long-distance telephones as often as he desires?

Mr. HOWELL. No, sir; we never install a telephone until we investigate the matter thoroughly. The traffic in the particular office must warrant the use of the telephone before it is installed.

The CHAIRMAN. Everybody is allowed to use the long-distance telephones whenever he wants to?

Mr. HOWELL. No, sir; just the higher officials.

The CHAIRMAN. They use it whenever they like?

Mr. HOWELL. Only on official business. It is only used when something comes up that must be handled by telephone, and when other means of communication would result in embarrassment.

The CHAIRMAN. Telegraphing is much cheaper than using the telephone for long distances.

Mr. HOWELL. Yes, sir; and we use the telegraph wherever we can instead of the telephones.

OFFICE OF POSTMASTER GENERAL.

ELECTRIC POWER, LIGHT, ETC., FOR EQUIPMENT SHOPS.

The CHAIRMAN. For electric power, light, etc., you ask $500.

Mr. HOWELL. This amount is estimated on account of the increased consumption of electric power and gas at the mail equipment shops building, due to the increase in the amount of work, the installation of additional machinery, and the fact that the department is now working two shifts in those shops. In this connection your attention is called to the fact that more than 42,000,000 articles were made or repaired during the last fiscal year as compared with 26,752,560 in the previous year.

The CHAIRMAN. How long has that building been in existence?

Mr. HOWELL. Since 1918.

The CHAIRMAN. In 1918 the cost was $4,500; in 1919, $5,500; in 1920, $5,500; and in 1921, $7,000. That included a deficiency of $1,500. The appropriation for 1922 is $7,000, and now you want $500 more. Why do you keep increasing the cost of this thing all the time?

Mr. HOWELL. During the last fiscal year we manufac
paired more than 42,000,000 articles in that shop as agai
in the previous year.

The CHAIRMAN. You do not require more light on that account, do you?

Mr. HOWELL. Yes, sir; we are running two shifts. Furthermore, all the machinery in the mail equipment shops, including the elevators, is operated by electricity, and additional machinery is being installed every year.

TUESDAY, FEBRUARY 14, 1922.

OFFICE OF CHIEF INSPECTOR.

STATEMENTS OF MR. RUSH D. SIMMONS, CHIEF INSPECTOR, AND MR. D. S. SHOOK, CHIEF CLERK.

SALARIES AND TRAVELING EXPENSES OF ADDITIONAL INSPECTORS.

The CHAIRMAN. Why do you want additional inspectors in the Post Office Department, and why was not this estimate submitted in the regular annual appropriation bill, if it were necessary?

Mr. SIMMONS. The reason why it was not submitted earlier was because I was injured in a wreck in October, and was on my back for two or three months and could not give attention to it. I had hardly gotten hold of the run of the office. I just came in as chief inspector in April.

The CHAIRMAN. How many inspectors have you now?

Mr. SIMMONS. Four hundred and thirty-five, including the inspectors in charge.

The CHAIRMAN. They have been giving attention to the work pretty well, have they not?

Mr. SIMMONS. No, sir; we have not a sufficient number to handle increase in volume of work.

The CHAIRMAN. What is there about the Post Office service that requires more inspectors now than were required last year?

Mr. SIMMONS. They needed more last year.

The CHAIRMAN. They were getting along very well, were they not?

Mr. SIMMONS. There is a great deal more business now.

The CHAIRMAN. What business is it?

Mr. SIMMONS. We needed them last year as much, perhaps, as this year. Many cases were allowed to accumulate, and a great many of them have been held until they have died of age.

The CHAIRMAN. How many cases have you?

Mr. SIMMONS. On November 30 there were 47,583.

The CHAIRMAN. What is the nature of the cases?

Mr. SIMMONS. There are 7,224 A cases, covering registered mail, complaints concerning the rifling, loss, destruction, wrong delivery, or other serious irregularity affecting registered mail. There are 6,977 C cases, or miscellaneous cases, covering leasing premises for post offices and stations, clerk-hire allowances, establishment or extension of city delivery, proper location of post offices, establishment of registers of eligibles for appointment at offices of the fourth class, improper payment of money orders, excessive cancellations,

padding receipts, charges against postal employees, complaints against the service, and miscellaneous violations of the postal laws and regulations.

There are 5,123 D cases, covering depredations, robberies, wrecks, and fires, or complaints of the robbery and burning of post offices, thefts of funds and property, damage and destruction of mail and equipment by violence, casualties, and wrecks. There are 4,579 E cases, covering fraudulent use of the mail, transmission of lottery, obscene, and scurrilous matter. There are 18,338 I cases, covering the inspection of post offices. There are 4,854 P cases, or parcel-post cases, covering losses of insured and C. O. D. parcels, and claims for indemnity, etc. There are 21 R cases, or reward cases, covering claims for rewards for information leading to the detection, arrest, and conviction on the charge of robbing or attempting to rob the mails, post offices, etc. There are 467 RE cases and RI cases, or rural delivery cases, covering the inspection of rural delivery routes. That makes a total of 47,583 cases uninvestigated. It would take at least 9 or 10 months, if we had nothing else to do, to complete those investigations.

Then the First Assistant Postmaster General has in mind the making of a survey of the large offices in cooperation with the postmasters, and that will require a very large number of inspectors.

Mr. BYRNS. Since the Executive order with reference to presidential postmasters went into effect a great many inspectors have had their time taken up in that work, have they not?

Mr. SIMMONS. This requires considerable time. In each case the inspector and the representative of the Civil Service Commission, with whom he makes the investigation, must personally interview each of the applicants for the position of postmaster, as well as the representative citizens of the town or city involved, numbering from about 10 to 30 or 40 or more. A report to the commission—usually quite lengthy—must then be prepared, setting forth the information obtained as a result of the investigation. These investigations very rarely take less than a full day to complete, and in numerous instances require three or four days, and sometimes a week or more.

The CHAIRMAN. How does the business of the Post Office Department compare this year with the business of last year?

Mr. SIMMONS. Well, it is greater all the time.

The CHAIRMAN. It can not be greater, because the revenues are smaller all the time. What are the postal revenues up to date this year?

Mr. SIMMONS. I have not that figure.

The CHAIRMAN. Somebody should come prepared to give that.

Mr. SHOOK. The postal receipts last year amounted to $463,491,274.70.

The CHAIRMAN. How much were they the year before?

Mr. SHOOK. I do not remember what the receipts were the year before.

The CHAIRMAN. I think they were $483,000,000. How much do the revenues of this year amount to as compared with last year?

Mr. SHOOK. We have not the figures yet for this year.

The CHAIRMAN. Of course you must have some figures. There is no increase in the revenues, is there?

Mr. SHOOK. Yes, sir; here is a statement of the revenues for each year for the past five years, showing a substantial increase each and every year.

Fiscal year:	
1917	$329,726,116.36
1918	388,975,962.24
1919	436,239,126.20
1920	437,150,212.33
1921	463,491,274.70

Mr. SIMMONS. As shown in the statement just made there has been a substantial increase in the revenues each year. The principal idea we have in mind is the suggestion of the First Assistant Postmaster General. He has talked to me about it a number of times, and he wants us to make a survey of the work in the larger offices. He wants to put an inspector in the office to cooperate with the postmaster for several months to straighten out schedules and to see if reductions in clerk hire can not be made. We have had one inspector in one of the large offices for three or four months, and it has resulted already, through the cooperation of the postmaster and the superintendents of mails and delivery, in a saving of over $200,000. That is something that requires experienced inspectors, and it takes a lot of time. We will be unable to do that with the present force.

The CHAIRMAN. You have no other justification for this except that you want to put in some additional inspectors?

Mr. SIMMONS. Do you mean just for the sake of putting them in?

The CHAIRMAN. Yes.

Mr. SIMMONS. No, sir; I do not make this request simply for the sake of putting them in. We are unable to take care of the work with the number of inspectors we now have.

The CHAIRMAN. What justification can you give us for increasing the cost of the service?

Mr. SIMMONS. Mr. Chairman, I must refer you to the statement just exhibited showing that the revenues have increased very materially each year. It is conservatively estimated by the First Assistant Postmaster General and by myself that if we could have these men go to the larger offices we could make a saving of from $8,000,000 to $10,000,000.

The CHAIRMAN. You have plenty of inspectors to do that.

Mr. SIMMONS. We are a year behind with our work now, and a great deal of it we can not do.

The CHAIRMAN. Why are you so far behind? What was the situation last year?

Mr. SIMMONS. Just about the same thing. A lot of these cases are never investigated.

The CHAIRMAN. Are you as nearly current as you have ever been with this sort of work?

Mr. SHOOK. We have been losing ground for several years. We have been gradually getting behind.

The CHAIRMAN. There is no emergency now that calls for something to be done. In other words, there is no necessity now that has not existed for many years?

Mr. SIMMONS. Yes, sir; the necessity is greater each year.

The CHAIRMAN. You have said for several years.

Mr. SHOOK. It has been gradually getting worse. These 47,583 cases were cases that the inspectors had on hand on November 30. Some of them had been on hand for several years and the inspectors had never been able to touch them.

The CHAIRMAN. The most of them were of no concern, were they?

Mr. SIMMONS. A lot of them were of great concern. There were many fraud cases and many service and reorganization cases, many very important ones.

The CHAIRMAN. You have 435 inspectors?

Mr. SIMMONS. Including the inspectors in charge; yes, sir.

The CHAIRMAN. There are 15 of them?

Mr. SIMMONS. Yes, sir.

The CHAIRMAN. Leaving 420 inspectors for this work?

Mr. BYRNS. Does the Post Office appropriation bill as it left the House provide for any additional inspectors?

Mr. SIMMONS. No, sir.

Mr. SHOOK. This only provides for the pay between now and July 1.

Mr. BYRNS. If you should not get these inspectors for next year, they would not be of much value to you carried in the deficiency bill?

Mr. SIMMONS. No, sir.

Mr. SHOOK. This only provides for the pay between now and July 1.

Mr. BYRNS. I understand that, and if you do not get them for next year it would not do you much good to have them provided for in this bill?

Mr. SIMMONS. No, sir.

Mr. SHOOK. No, sir.

Mr. BYRNS. You could not get them to serve for that length of time?

Mr. SIMMONS. No, sir.

Mr. SHOOK. No, sir; that would not be worth while.

The CHAIRMAN. You have got to give us some justification for adding this number of inspectors. Do you have any better case than you have submitted to us?

Mr. SIMMONS. We think we can save eight or ten million dollars, as well as permitting us to investigate this large accumulation of old but very important cases.

The CHAIRMAN. You have no case before us. Simply coming in here and saying what you think you can do, does not mean anything. Why do you not make a statement of the case? You have made out no case here.

Mr. SHOOK. We had 47,583 cases on hand with the inspectors November 30, last, which the inspectors had not had time to investigate.

The CHAIRMAN. You have had those cases on hand for years?

Mr. SHOOK. Not so many; they have been increasing for years—several years.

The CHAIRMAN. It seems to me that where you ask for an expenditure which might be equivalent to $600,000 over what it is now for certain services that you would make a case.

Mr. SHOOK. Excuse me, Mr. Chairman, but that would be less than $300,000.

The CHAIRMAN. You have here for the rest of this year $132,000.

Mr. SHOOK. Still, for 100 inspectors, that would only be $230,000, they coming in at the lower grades, as salaries for the full year.

The CHAIRMAN. You have only four months to go, and that would be $400,000 a year.

Mr. SHOOK. The salaries for the five months, figured from February 1 to July, would be $95,833.33, and the expenses for these 100 inspectors for the five months would be $36,500. That would be something like $132,000 for the five months.

The CHAIRMAN. You should at least come here with some intelligent conception of what you will do as the result of that expenditure. You have not told us.

Mr. SIMMONS. We want to make a survey of all the large cities. We have saved over $200,000 in Cleveland and we know we can do that right down the line.

The CHAIRMAN. With your present force?

Mr. SIMMONS. No, sir.

The CHAIRMAN. If you could do what you did do at Cleveland with the present force, why can not you do it somewhere else with the present force? It is a matter of management. It should be managed in the most economical way.

Mr. BYRNS. If this were allowed it would make an expenditure for the year of about $400,000 and would be nearly double any amount you have ever had before?

Mr. SIMMONS. Only about $329,000. That would enable us to make a survey of these larger offices with the most experienced inspectors in the present force, and we could use the new men to assist in bringing this accumulation of work up to date. Mr. Chairman, please permit me to call attention to the statement recently submitted, showing that the revenues increased substantially each year, and by going through these larger offices a great saving can be made, and in order to do this it is frequently necessary to send two or three inspectors to one office.

The CHAIRMAN. What is the matter with the postmasters at these offices?

Mr. SIMMONS. They can not do it.

The CHAIRMAN. They can not do it; they ought to be able to do it. If we have to hire somebody to do the work of the postmaster, he ought to be fired; that is what you hire him for.

Mr. SIMMONS. Yes, sir; but he does not do it.

The CHAIRMAN. How much do we pay the postmasters in these offices?

Mr. SIMMONS. Usually $6,000.

The CHAIRMAN. And we have about 50 offices?

Mr. SIMMONS. Yes, sir.

The CHAIRMAN. They will average about $5,000—about $250,000 more.

Mr. SHOOK. Many of the postmasters came in inexperienced.

The CHAIRMAN. Is there anything further you desire to say?

Mr. SIMMONS. No; I do not think of anything further to say.

MISCELLANEOUS EXPENSES AT DIVISION HEADQUARTERS.

The CHAIRMAN. The next item is, "For necessary miscellaneous expenses at division headquarters, fiscal year 1921, $1,100."

Mr. SHOOK. This represents a shortage in the expenses at the headquarters of the inspectors in charge of the 15 divisions—necessary expenses for running the offices—the shortage being caused by increase in the cost of telephones and expense for telegrams. We asked for $1,100, but we find now that the exact amount is $997.06.

The CHAIRMAN. Why this deficiency? In 1922 you had $16,000—that is, for this year—but the year before you only had $7,500.

Mr. SHOOK. That is where the deficit came in.

The CHAIRMAN. You only had $7,500 for several years and now you have $16,000 and want $1,100 more.

Mr. SHOOK. This increase in cost of telephones, etc., dates back to July 1, 1920, as this deficiency occurred in the fiscal year 1921.

The CHAIRMAN. Is this deficiency already created?

Mr. SHOOK. Yes, sir; and paid by the inspectors in charge personally.

The CHAIRMAN. As I understand, this $16,000 represents the consolidation of two items of $7,500 each?

Mr. SHOOK. $7,500 is transferred from traveling expenses to the division headquarters for the purpose of paying the telegrams at headquarters instead of being paid by the inspectors in the field.

The CHAIRMAN. The $997.06 has been actually incurred?

Mr. SHOOK. Actually paid by the inspectors, and they are out that amount until it is allowed.

The CHAIRMAN. This is a claim, is it?

Mr. SHOOK. It is a claim they have in the department which comes under a deficiency appropriation.

The CHAIRMAN. You can not spend $997 through inspectors without knowing whether they were authorized to spend it or not and whether they have vouchers for it, and whether those vouchers have been passed upon?

Mr. SHOOK. It was necessary for the inspectors in charge to incur this expense in order to conduct the business, and when the vouchers for the payment reached the department it was necessary to hold them up as the appropriation was exhausted. It was necessary, as stated, for them to incur the expense, and these vouchers are being held and the inspectors in charge can not be reimbursed until this deficiency appropriation is made.

The CHAIRMAN. Up to what time is the $997; up to the present time?

Mr. SHOOK. That is to July 1 last.

The CHAIRMAN. This is for 1921?

Mr. SHOOK. Yes, sir. We have plenty for this year.

PAYMENT OF REWARDS, ETC.

The CHAIRMAN. The next item is, "For payment of rewards for the detection, arrest, and conviction of post office burglars, robbers, and highway mail robbers," etc., and you want to eliminate the $5,000 and increase it to $10,000?

Mr. SIMMONS. Yes, sir.

The CHAIRMAN. Why do you want to do that?

Mr. SIMMONS. That condition is brought about by the number of large robberies.

[illegible] General to [illegible]

[illegible] General in effect [illegible] to any person who furn[illegible] was convicted, but not [illegible] He can ext[illegible] information.

Mr. SHOOK. We have the confidential fund which can be used for his confidential information leading to the arrest and conviction of a person.

The CHAIRMAN. My information is that the practice has always been that the Postmaster General had authority with this $25,000 to carry that out and to pay for information that would lead to the conviction of a robber, but never to pay until the conviction was had.

Mr. SIMMONS. That is true, but he never paid more than $1,000.

The CHAIRMAN. He has authority to use up to $5,000?

Mr. SIMMONS. But it was never exercised.

The CHAIRMAN. What do you propose to do now; why do you want $50,000?

Mr. SHOOK. If we have to pay $5,000 for bringing in a mail robber we have not the funds available under the $25,000.

The CHAIRMAN. You do not have to pay it, according to your own statement?

Mr. SIMMONS. Not to exceed $5,000, but in some meritorious cases—there have been a lot of arrests in these big robberies—so that he would not have the funds to pay the rewards.

The CHAIRMAN. You do not have to pay the rewards. It may be that you will pay out some of the $25,000 you have at your disposal for things that happened five years ago. You do not pay until the conviction is had.

Mr. SHOOK. If the conviction happens within the year it must be paid out of this appropriation.

The CHAIRMAN. Yes, sir. How much money have you in the fund now?

Mr. SHOOK. We have not been able to pay out much of it, because it is not available until six months after the date of conviction. We had $20,000 available the 1st of last July. We can not pay any out until after the 1st of January, six months after the date of conviction, and any conviction occurring between July 1 and January 1 we can not pay until January 1. Therefore, we have paid out but a small amount; but that will be paid out in a year or two. But if the appropriation is not available six months from now how will we pay for the conviction of these bandits?

Mr. SIMMONS. The $5,000 confidential fund is exhausted now?

Mr. SHOOK. Yes, sir; it is already exhausted.

Mr. SIMMONS. We have been turning down requests.

Mr. SHOOK. In the case of the big New York mail robbery the inspector requested some assistance out of the fund to get information, but the fund had been exhausted.

The CHAIRMAN. Please furnish us with a statement for the record of how much of this fund has been expended each year, say, for the last 10 years.

Mr. SHOOK. Yes, sir; we can do that. That will show that there has been a deficiency.

The CHAIRMAN. We do not want you to prove a deficiency; we want the facts. We want a statement of how much of each annual appropriation has been expended for the last 10 years, including 1921, and so far in 1922.

Mr. SIMMONS. Yes, sir; statement follows:

Year.	Appropriation.	Expended.	Year.	Appropriation.	Expended.
1913	$15,000.00	$20,530.32	1918	$25,000.00	$16,251.93
1914	15,000.00	22,460.59	1919	25,000.00	15,264.92
1915	25,000.00	27,521.12	1920	25,000.00	13,140.98
1916	25,000.00	20,166.85	1921	25,000.00	14,185.75
1917	25,000.00	24,933.65	1922	25,000.00	5,167.61

WEDNESDAY, FEBRUARY 15, 1922.

STATEMENTS OF MR. JOHN H. EDWARDS, SOLICITOR, POST OFFICE DEPARTMENT, AND MR. GEORGE W. PERKINS, JR., PRIVATE SECRETARY TO THE POSTMASTER GENERAL.

PNEUMATIC-TUBE SERVICE.

The CHAIRMAN. You have before this committee a request for $128,478.25 for the installation and operation of pneumatic-tube service for the Post Office Department in the city of New York and borough of Brooklyn. I wish you would be kind enough to state in your own way, and as comprehensively as you care to make your statement, what authority of law you consider you have for the institution of this activity, the necessity for it, and the advantage to be gained by it. We will be glad to have you make any other statements you may wish to submit.

Mr. EDWARDS. In Compiled Statutes 16, volume 7, section 7428, being the act of April 21, 1902, you will find, as I understand it, the commencement of legislation for pneumatic tubes. That is the law that authorized the installation of the tubes, and it fixed the amount at not to exceed $17,000 per mile and limited the period of contract to four years. Subsequent to that—I think, perhaps, in 1906—there was legislation, and there was permanent legislation in 1908, which extended the time from 4 years to 10 years. As I understand the matter, the only permanent legislation we have is the act of April 21, 1902, authorizing the installation of tube service, and the act of May 27, 1908, which fixed the time limit at 10 years.

The CHAIRMAN. Is that permanent law in the act of 1908, or was that an appropriation act?

Mr. EDWARDS. As I understand it, that is permanent law, and the compilers so treated it by carrying the 1902 act and the 1908 act together.

The CHAIRMAN. What subsequent legislation has there been?

Mr. EDWARDS. The only subsequent legislation, as I understand it, is in the annual appropriations, year after year, until the expiration of the 10-year contract that was made in 1906.

The CHAIRMAN. Then what followed?

Mr. EDWARDS. Then, I think, perhaps, at the end of 1916 there was an additional appropriation carrying it forward, first, for a limited time. I do not know just the time, but we understand that the legislation, going back to the act of 1902, expressly provides that no

contract shall be made unless there is an appropriation available. In other words, our view of the statute is that it is an existing statute, but it has no force and effect unless there is an appropriation to give it life. There were appropriations made in the 1902 act and the 1908 act for the installation of this service, and we propose the same language, or language similar to this which is set out in the communication of the Director of the Bureau of the Budget on page 5, where he sets out the sum of $534,747.25 for the fiscal year 1923. What we are seeking in this particular bill is money to establish the service prior to the commencement of the next fiscal year. The pneumatic-tube company says that, in all probability, if the appropriations are made and legislation is obtained, it will be able to restore this service about the 1st of April, and this sum of $128,478.75 is estimated on the theory that this service could be installed for three months of this year, or April, May, and June.

ESTIMATED COST OF INSTALLATION.

The advantages of this to the Postal Service, in brief, would be the expedition of the mails; second, the safety of the mails; and, third, the more regular delivery of the mails. A fourth advantage, perhaps, would be to relieve somewhat the surface congestion in New York City, but the main feature that the Post Office Department is interested in is the expedition of the mails. This sum of $128,478.75 is sought for the installation of this service for April, May, and June of this current year. I might say that the negotiations—and of course when I say "negotiations" I merely mean talk, because of course no contract has been made and no contract can be made until this legislation is secured—are on this idea: The act of 1902 says that the contract figure shall not exceed $17,000 per mile. This service can not be secured at the present time for $17,000 per mile, but it can be secured at $18,500 per mile. Now, the proposition is to make a contract at $18,500 per mile for a number of miles in New York City and Brooklyn.

The CHAIRMAN. How many miles?

Mr. EDWARDS. The mileage is 27.779. The proposition is to make a contract at $18,500 per mile, that contract to be subject to revision upon the submission of the facts to the Interstate Commerce Commission at any time after six months, upon the petition of either the Post Office Department or the pneumatic tube company, and after a hearing, if the Interstate Commerce Commission thinks that $18,500 per mile is too low, then that sum may be raised to $19,500 per mile or not to exceed $19,500 per mile, but it is not to be retroactive; $19,500 per mile would mark the limit.

Mr. SISSON. What about its going the other way?

Mr. EDWARDS. It could be lowered. I am talking about the maximum.

The CHAIRMAN. Tell us what are the advantages of the service, if there are any advantages to it.

Mr. EDWARDS. Well, briefly, the department, after investigating the matter, thinks that the expedition of the mails is the main service. Now, how to figure that in dollars and cents I do not know. I do not think that anybody can do that.

The CHAIRMAN. Perhaps there is somebody here who does know about that. If they want to make a statement to us that would lead us to an intelligent conclusion on the matter we will be glad to hear it. Let us hear about the advantages of this. What percentage of mail would go through the tubes?

Mr. EDWARDS. I do not think I can answer it in just that form.

The CHAIRMAN. What percentage of first-class mail goes through the tubes?

Mr. EDWARDS. I doubt if I could answer that question.

The CHAIRMAN. Is $19,500 or $18,500 the maximum cost of operating the tubes, or will it be necessary to redistribute this mail at the end of the tube in some postal station before finaly distributing it to the persons to whom it is addressed?

Mr. EDWARDS. I understand that this mail is put in containers.

The CHAIRMAN. I know how it is done.

Mr. EDWARDS. I understand it is put in containers and then sent to these stations to be distributed. I am not familiar with the details.

The CHAIRMAN. What we would like to have is a statement showing why they desire to do it. In other words, they should give us the reasons, just as would be done in any other business proposition. You should not simply come and ask for something without any facts to support it. We have no facts before us on this matter.

Mr. EDWARDS. Some reports have been made on the subject.

The CHAIRMAN. We want to know what percentage of first-class mail goes through the tubes, how often it goes through, how many letters go through, and what advantage this service has from the standpoint of expedition in the movement of the mails. We would like to know what saving there is in the cost, and whether there is any advantage in it at all. If you can not make out a case here you will be thrown out of court, just as you would be at any other court.

Mr. EDWARDS. The tubes can handle 10,000,000 letters per day.

The CHAIRMAN. Who says that?

Mr. EDWARDS. I get that from the report of the joint commission.

The CHAIRMAN. Does anybody from the Post Office Department know anything about this?

Mr. EDWARDS. No, sir; except in a general way.

The CHAIRMAN. If they do, send them down. There is no use in having any persons to come here to talk to us about this unless they have some facts that will convince. In the first place, only one-half of 1 per cent of the first-class mail matter can ever go through the tubes; $18,500 per mile is not by any means the limit of cost, because the mail that goes through the tubes must be put on work tables at post-office stations and distributed. The cost of that service is pretty nearly as much as the cost of the tube service. If you are going to carry only one-half of 1 per cent of the mail through the tubes, and that is all you can carry through them, you are not going to take any trucks off the streets. One of the claims that I notice here in the recommendation is that it will make a saving in the density of traffic, or that it will reduce the density of traffic on the streets, and that it will save a large amount of money that is expended for truck service. That is not so, and can not be so. There is no chance on earth for that to be so, because if you take only one-half of 1 per cent of the mail through the tubes it will

not relieve the congestion on the streets, and you had as well carry that one-half of 1 per cent of mail on the trucks. Somebody must come down here and tell us about this matter and give some reasons for the request.

Mr. EDWARDS. You want a statement of the facts?

The CHAIRMAN. We want all the facts. That is the only condition upon which we appropriate money. We do not make appropriations upon the basis of fancy. We are not here for that purpose, but we are here trying to serve the Treasury of the United States, and, at the same time, to expedite the business of the United States. If there is nobody in the Post Office Department who can tell us about it, we will make up a brief and send it to the department, because we know something about it.

Mr. EDWARDS. I think that, perhaps, we were relying somewhat upon your knowledge of it.

The CHAIRMAN. You can not rely upon my knowledge, because my knowledge leads me to the conclusion that the tubes ought not to exist.

Mr. EDWARDS. We will have somebody to come down and give those facts.

The CHAIRMAN. If somebody can show me something different from what I know in regard to this matter, I will be glad to listen to him, but there is no use in asking us for an appropriation for this purpose unless you can submit facts in support of the request. We are not here merely as rubber stamps in the making of appropriations.

Mr. PERKINS. The reason the estimate was submitted in this way was this, that the Joint Commission on Postal Service made a very exhaustive investigation. In connection with that investigation efficiency engineers and a committee of postal experts went into the situation very carefully. Their report to the joint commission was that the tube service was valuable and should be reinstated. The joint commission then made its recommendation to the Post Office Department, or rather to Congress, that we should reestablish the tube service. However, they stated that they would appreciate it very much if the department would confer with them before fixing the price, and that we did.

The CHAIRMAN. The joint commission was not authorized to do that. They were authorized to make a report to Congress.

Mr. PERKINS. They were simply acting in an advisory capacity then. Their findings have been printed in the Congressional Record.

The CHAIRMAN. No; not in the Congressional Record.

Mr. PERKINS. They have been printed, and I understood that they were printed as a part of the Congressional Record.

The CHAIRMAN. They have made a report.

Mr. PERKINS. We assumed that the report that was presented would contain a sufficient statement of the facts.

The CHAIRMAN. But you must tell us about it. In the first place, tell us how many letters you can put in a carton, or how many pounds of mail you can put in a carton.

Mr. PERKINS. We can furnish those figures to [illegible]

Mr. SISSON. You do not know about this of y[illegible]

Mr. PERKINS. I have been over the details wit[illegible]

Mr. SISSON. Do you yourself know anything about the tube service, or have you had any practical experience with it?

Mr. PERKINS. No, sir.

Mr. SISSON. You only know what you were told by this commission?

Mr. PERKINS. Yes, sir.

The CHAIRMAN. There have been several commissions that have made reports on what ought to be done and what ought not to be done.

Mr. SISSON. Who constitutes this commission?

Mr. PERKINS. Five Members of the Senate and five Members of the House.

The CHAIRMAN. There must be somebody at the department who can come down here and tell us definitely about this matter. So far as I am concerned, I would not be in favor of an appropriation based upon the information that you gentlemen can give us.

Mr. PERKINS. We were assuming that the information supplied by the joint commission was adequate.

Mr. SISSON. In addition to what this commission has reported the Post Office Department must assume some responsibility for the institution and operation of such a service as this, and therefore they should know something about it.

Mr. PERKINS. We do know about it, but we did not bring those figures with us this morning.

The CHAIRMAN. I do not think anybody in the Post Office Department can show us that this ought to be done.

FRIDAY, FEBRUARY 17, 1922.

STATEMENTS OF MR. JOHN H. EDWARDS, SOLICITOR OF THE POST OFFICE DEPARTMENT; MR. JOHN J. KIELY, SUPERINTENDENT OF MAILS, NEW YORK CITY; MR. CHARLES LUBIN, SUPERINTENDENT DIVISION OF DELIVERY, NEW YORK CITY; MR. P. A. McGURTY, ASSISTANT SUPERINTENDENT OF DELIVERY, NEW YORK CITY; AND MR. G. W. PERKINS, PRIVATE SECRETARY TO THE POSTMASTER GENERAL.

The CHAIRMAN. Gentlemen, you were to come back here to-day and tell us what you know about the necessity, importance, and advantage of having an appropriation of $128,478.25 between now and the 1st of July for the restoration of pneumatic tubes in the city of New York.

Mr. EDWARDS. Yes, sir.

The CHAIRMAN. Are you ready for that?

FOR RESTORATION OF TUBE SERVICE NEW YORK AND BROOKLYN.

Mr. EDWARDS. Yes, sir. Mr. Chairman and gentlemen of the committee: The Post Office Department has investigated the question of the advisability of the restoration of the tube service in New York and Brooklyn, and we have this morning to present the facts to the committee Mr. John J. Kiely——

The CHAIRMAN (interposing). What position does he occupy?

Mr. EDWARDS. Superintendent of mails, New York City; Mr. Charles Lubin, superintendent division of delivery, New York City; and Mr. P. A. McGurty, assistant superintendent of delivery, New York City. These gentlemen have made a personal study of the pneumatic-tube situation in New York City and other cities, but we are presenting it only from the New York City standpoint this morning, and they in a moment will give to you their views of this question. Before introducing them as witnesses in this matter I wish to state the reasons why the Post Office Department desires to reinstate the tube service in New York City. First, the tube service will hasten the delivery of the letter mail.

The CHAIRMAN. While you are on that, what percentage of the whole mail is the letter mail?

Mr. EDWARDS. Mr. Madden, if you will permit, I would like to state these reasons and then have these gentlemen take up each one of these points.

The CHAIRMAN. You are not prepared to do that?

Mr. EDWARDS. No.

The CHAIRMAN. Then let them state the whole case if they are going to state it.

Mr. EDWARDS. Well, the department would like to have its reasons stated and then have these gentlemen support these reasons by the facts.

The CHAIRMAN. All right.

Mr. EDWARDS. Second, insure the safety of registered mail and reduce the number of registered-mail clerks and guards; third, expedite the delivery of special-delivery mail; fourth, decrease the cost of motor-vehicle service; fifth, relieve street congestion and accidents; sixth, insure continuous flow of the mail; seventh, eliminate the necessity, for a number of pouching clerks and loading and platform labor; eighth, eliminate the wear on mail pouches and the number required; ninth, provide an alternate method of transporting the letter mail in case of storm and street congestion.

It was our intention to have the postmaster, Mr. Edward M. Morgan, of New York City, also present as a witness, but Mr. Morgan is unable to be present, and I would like to offer, with the request that it be made a part of the record and published, Mr. Morgan's statement.

The CHAIRMAN. Read it, so we will know what it is, and then we will decide.

Mr. EDWARDS (reading):

OFFICE OF THE POSTMASTER,
New York, N. Y., February 16, 1922.

STATEMENT OF HON. EDWARD M. MORGAN, POSTMASTER OF NEW YORK CITY.

The pneumatic-tube system, formerly in operation in the cities of New York and Brooklyn, consisted of approximately 27 miles of double 8-inch tubing, and there was transmitted through such tubes about 80,000 pneumatic-tube carriers per day, carrying approximately 5,000,000 pieces of mail.

The CHAIRMAN. You mean 80,000 cartons?

Mr. EDWARDS. Pneumatic carriers per day.

The CHAIRMAN. Well, that is what they are—cartons.

Each of these carriers had a capacity of about 450 ordinary size letters or 250 large size letters. These carriers were dispatched every 10 seconds and every 15 seconds, or at the rate of six and four per minute, respectively. These tubes were in operation from 4 a. m. to 11 p. m., the carriers traveling at the rate of 30 miles per hour.

One of the lines was in operation on the West Side of the city between the City Hall Station and Stations V, A, O, C, general post office. Times Square. G, N, W, H, I, and J at One hundred and twenty-fifth Street and Lexington Avenue.

Another line was in operation on the east side of the city between the City Hall Station and Stations D, Madison Square, F, Grand Central, Y. K. U. and L at One hundred and twenty-fifth Street and Lexington Avenue.

In connection with these lines there was also a cross-town line between the general post office on the west side of the city and the Grand Central Station on the east side, as in the case of Stations J and L, thus providing two complete loops of pneumatic tube lines. This materially expedited the delivery and dispatch of mail forwarded by this system from the City Hall Station and stations throughout the city, and it will be observed that either loop was available in cases of emergency arising from disarrangements in the service, adverse weather conditions, or other situations which were beyond control.

Another line was in operation between the City Hall Station and the Hudson Terminal Station, a distance of about one-half mile, and although this line was comparatively short in length it proved of great importance.

There was also a pneumatic tube operating between the City Hall Station, Wall Street Station, and Station P, which was likewise of great importance, especially in view of the character of the mail involved, which was principally to and from the financial, banking, and steamship sections of the city.

There was also a pneumatic tube line operating from the City Hall Station, New York, to the general post office, Brooklyn, and Times Plaza Station of the latter office, which is situated in the Long Island Railroad Station, Flatbush Avenue, that city. Owing to the close social and business interest existing between the Boroughs of Brooklyn and Manhattan, due to the fact that a large proportion of the population of the former are engaged in business in the latter, this tube was of great importance, and contributed very much indeed to the rapid exchange of letter mail between the two post offices. In addition to facilitating the receipt of local mail in each direction, the extension of the pneumatic tube to the Long Island Railroad Station materially increased its value to the Postal Service, as first-class mail for the whole of Long Island, which is at times very heavy, and particularly so during the summer months, was greatly advanced by the shortening of the transit time between the point of mailing and the railroad station from which the trains departed, through the use of the pneumatic tubes.

It is my opinion that the restoration of the pneumatic tube system in New York City and Brooklyn is justified because of the rapid service which it will provide for the transmission of mail, particularly that of the first class.

The advantages of the pneumatic tube system in this city would be felt throughout the entire country because of the later train connections that could be made for outgoing domestic and foreign mails, and the more expeditious transmission of incoming mails intended for delivery.

Incoming mails for delivery distributed on trains and mail steamers for the various stations would secure immediate dispatch and connect with delivery trip by carrier. Under the present method of transporting mails between the terminals and stations by motor-vehicle service exclusively, incoming mails from trains and steamers must await the next scheduled dispatch of truck. With the use of the pneumatic tubes it would be possible to advance much of this mail in delivery or make better and surer connections with the delivery trips. Mails received unworked from incoming trains and mail steamers would also be expedited by the more expeditious dispatch after distribution was completed.

The special delivery first-class mail which approximates 15,000 pieces daily would be considerably expedited in delivery between the hours of 6.30 a. m. and 10.30 p. m. This class of mail is of exceptional importance, and as it is given preference in handling whether it is deposited in the drops at the general post office or stations, received from collections, or in the mails from other post offices, it is essential that transportation from point to point be accomplished in the shortest time possible. The pneumatic tubes provided a means for the rapid interchange of special delivery matter and expedited its delivery.

The restoration of the pneumatic tubes would contribute materially to the safety of the mails because of their adaptability for use in the dispatch of registered mails, both incoming and outgoing, and in addition to the element of safety there would also be greater expedition accorded the transmission of this important mail.

The benefits of the pneumatic tubes are not restricted to the stations connected thereby, but extend to the stations north of One hundred and twenty-fifth Street on the West Side and in The Bronx on the East Side by making possible more rapid transmission from the downtown stations to stations J and L, where connection is made with motor-vehicle service serving stations north of these points. The importance of The Bronx section is constantly increasing, as evidenced by the growth of business and increase in population, which now exceeds 800,000.

The entire value of the pneumatic-tube service as a means of transportation for first-class mails can only be determined by a consideration of all of the advantages this service affords in addition to the volume of mail that is expedited in transmission by their use. Their flexibility and dependability compared with surface means of transportation, which are subject to the usual interruptions of all street traffic, is an important factor in their favor. Their availability for immediate use for transmission of special delivery and other letter mail contributes materially to expeditious delivery and dispatch. It is extremely important that distribution of mails be begun as soon as is possible, and because of the shorter transit time required in transmitting mails by pneumatic tubes the clerical force at the main office, stations, terminals, or on trains are enabled to begin the work of separation and distribution earlier than is possible by any other means.

The street traffic conditions in this city are such that the city authorities are constantly studying the subject of street traffic congestion, which becomes more aggravated daily, and in this connection there is pending in the board of aldermen of the municipal government a bill to regulate by mechanical means the speed of motor vehicles. It proposes to require all motor vehicles to be equipped with governors or controllers which will regulate the speed at which they may be operated, limiting the maximum speed to 12 miles per hour.

The importance of the New York post office, as reflected by the volume of mail handled and its postal receipts of more than $53,000,000 annually, to the rest of the country necessitates that every means be employed for the most expeditious transmission of the mails, and there is no doubt that the resumption of the pneumatic-tube service at this office is a public necessity.

Mr. GALLIVAN. Mr. Morgan was postmaster at New York in other days?

Mr. EDWARDS. Yes, sir.

Mr. GALLIVAN. Has he always been in favor of the tubes, as far as you know, or do you know?

Mr. EDWARDS. I would have to answer that I do not know.

Mr. GALLIVAN. The gentleman from New York will know.

Mr. EDWARDS. I may say that my understanding is that he has been. I would not want to make that as a definite statement.

Mr. BYRNS. The letter you have just read speaks of certain results accomplished by the tubes. I do not know what the date was to which he refers?

The CHAIRMAN. I think he refers to the time when he was postmaster before.

Mr. EDWARDS. That was my impression, that he referred to the experience several years ago when the tubes were in operation in New York before they were discontinued. I understand that Mr. Morgan was postmaster at New York City at the time the tube service was in force.

The CHAIRMAN. Yes.

Mr. EDWARDS. I would like to have the letter of Mr. Morgan entered on the record.

The CHAIRMAN. We will put it in.

Mr. EDWARDS. At this time I should like to have Mr. John J. Kiely, the superintendent of mails in New York City, testify.

The CHAIRMAN. Yes, sir.

STATEMENT OF MR. JOHN J. KIELY, SUPERINTENDENT OF MAILS, NEW YORK, N. Y.

The CHAIRMAN. How long have you been the superintendent of mails?

Mr. KIELY. Eighteen days, since the 1st of February.

The CHAIRMAN. Who was the superintendent before you became the superintendent?

Mr. KIELY. Mr. Morris.

The CHAIRMAN. How long was he superintendent?

Mr. KIELY. Exactly four years.

The CHAIRMAN. What has been your experience in the Post Office Department?

Mr. KIELY. I was appointed a clerk in 1885.

The CHAIRMAN. What have you been doing since that time?

Mr. KIELY. I went through all the grades of clerkship. I was assistant superintendent of delivery in 1905; assistant superintendent at the Grand Central Station, at the foreign station, and back to the Grand; assistant superintendent of delivery in charge of the City Hall and in charge of the Grand Central Station, and superintendent of the mails.

The CHAIRMAN. What experience have you had in connection with the operation of the tubes?

Mr. KIELY. I have been a supervisor.

The CHAIRMAN. How long were you a supervisor?

Mr. KIELY. In 1905 and particularly since 1913, when I was appointed in charge of the City Hall Station. I have been at perhaps the largest stations in the city where the tubes operate.

EXPEDIENCY IN MOVEMENT OF MAIL.

The CHAIRMAN. What experience have you had as to the tubes on which you can testify as to their utility and the advantage of the tubes in connection with the movement of the mails?

Mr. KIELY. Observation.

The CHAIRMAN. What observation?

Mr. KIELY. Observation, seeing the mails come in.

The CHAIRMAN. Have you made any special test as to the advantage of them personally?

Mr. KIELY. From time to time; yes, sir.

The CHAIRMAN. Please tell us about those tests?

Mr. KIELY. From time to time it was necessary to watch the mail and make tests as to the movement of the mail from station to station and judge by the postmarks.

The CHAIRMAN. What special connection did you have with those tests?

Mr. KIELY. They were made at my direction.

The CHAIRMAN. What was the outcome of them?

Mr. KIELY. We found out at that time that the mail from the farthest points of the city would reach the City Hall Station within two or three hours at the latest.

The CHAIRMAN. By what means?

Mr. KIELY. By the tubes.

The CHAIRMAN. How long would it take without the tubes?

Mr. KIELY. Our experience is that after the tubes went out of existence that where it took three hours or two hours to deliver a letter or send a letter through the tubes, it would take four or five hours.

The CHAIRMAN. How much advantage was there in the time of dispatch after the mail got into the tubes over the ordinary method of transmitting the mail?

Mr. KIELY. I should say all the way from one hour.

The CHAIRMAN. At what speed did the mail go through the tubes?

Mr. KIELY. About 25 miles an hour.

Mr. GALLIVAN. Twenty-five miles an hour?

Mr. KIELY. Yes, sir.

Mr. GALLIVAN. It took, you say, from two to three hours from the farthest point in the city?

Mr. KIELY. Yes, sir. You must understand that the tubes go only up to One hundred and twenty-fifth Street, and above One hundred and twenty-fifth Street the mail must be transported by wagon.

DISPOSITION OF MAIL AT END OF TUBE.

The CHAIRMAN. What disposition is made of the mail after it reaches the end of the tube?

Mr. KIELY. You are speaking, I assume, of the tube stations exclusively?

The CHAIRMAN. Yes; the tube stations exclusively.

Mr. KIELY. The operation of the tubes between tube stations is this.

The CHAIRMAN. I know the operation of the tubes between stations. I want to know what disposition is made of the mail after it reaches the end of the tube, what do you have to do with it?

Mr. KIELY. If it is for immediate stations it is thrown on the open table from the tube carrier.

The CHAIRMAN. And then what?

Mr. KIELY. It is opened and put in the cases.

The CHAIRMAN. Thrown and distributed?

Mr. KIELY. Yes, sir.

The CHAIRMAN. How much time does it take to redistribute the mail after you get to the end of the tube? How much time will be consumed in the redistribution of the mail which would not have to be consumed if it did not go through the tube?

Mr. KIELY. Exactly the same.

The CHAIRMAN. If it came in a wagon to the post office?

Mr. KIELY. Just the same.

The CHAIRMAN. Take mail for shipment across the continent, what would happen to the mail after it came out of the tube; it would have to be redistributed?

Mr. KIELY. Yes; it would have to be redistributed. Then it would have to be thrown in the pouch.

The CHAIRMAN. Whereas if it went by wagon it would be in a pouch before it started from the post office?

Mr. KIELY. Yes, sir.

The CHAIRMAN. The time of tying up the mail and placing it in the carrier for distribution through the tube and the time consumed in passing through the tube and the time consumed in the redistribution of the mail after it left the tube would be almost as much or more than it would be if you took the letters, already pouched, in a wagon to the train?

Mr. KIELY. No, sir; not at all. Let me describe the operation.

The CHAIRMAN. I know what the operation is.

Mr. KIELY. If you will permit me. In both instances the mail is tied out. In the one instance, where it goes by wagon, it is taken to a pouch case and is thrown into pouches and then from pouches it is put into a wagon.

The CHAIRMAN. You mean the pouches go into the wagon?

Mr. KIELY. Yes, sir.

The CHAIRMAN. And of course, to the train?

Mr. KIELY. It goes direct to the train. In the other instance when it is tied out it is not taken to the pouch case, but it is sent directly to the tube carriers, placed therein and dispatched.

The CHAIRMAN. Dispatched to the working table at the other end of the tube?

Mr. KIELY. Yes, sir; and then pouched and sent down the chute to the train. So time is gained.

The CHAIRMAN. How much time is gained?

Mr. KIELY. Part of the mail is at the end of the tube line before the wagon leaves in the other instance.

The CHAIRMAN. I realize that, but what I want to know is what advantage is there in the time of the mail after it gets to the tube and before it gets on the train; is there any advantage in time?

Mr. KIELY. Yes, sir.

The CHAIRMAN. How much?

Mr. KIELY. At the Hudson Terminal Station there is probably from 20 minutes to half an hour to the Grand Central Station.

The CHAIRMAN. How much extra cost is there for handling the mail that goes through the tubes in addition to the annual charge for the tube service that is not required to be paid for mail that goes on the wagon?

Mr. KIELY. There is not any.

The CHAIRMAN. You mean to tell me there is not any?

Mr. KIELY. If you will repeat your question, I can understand it.

The CHAIRMAN. I thought I made it clear.

Mr. KIELY. You put in a phrase, "in addition to the cost."

The CHAIRMAN. The cost of the tube is an annual charge, so much a mile, is it not?

Mr. KIELY. Yes, sir.

The CHAIRMAN. Do you know?

Mr. KIELY. I assume that there is an annual charge.

The CHAIRMAN. So you have to have a lot of clerks at the end of the tube to redistribute the mail?

Mr. KIELY. If the tubes are in operation, we will get along with less clerks.

The CHAIRMAN. That is not the question I asked you. How much clerk hire would you have to pay for redistributing the mail for dispatch after it leaves the tube which you would not have to pay at all?

Mr. KIELY. At that particular point we would have to have more clerks than we would have at the beginning.

The CHAIRMAN. How many?

Mr. KIELY. We would have the same number of clerks that we would have to have at the beginning of the operation under the wagon service.

The CHAIRMAN. You would have to have those, anyway, at the beginning?

Mr. KIELY. Either beginning or end.

The CHAIRMAN. You would have to have more?

Mr. KIELY. No.

The CHAIRMAN. Who ties up the mail?

Mr. KIELY. I am speaking now of pouching cases.

The CHAIRMAN. But the tying of the mail for dispatch through the tubes?

Mr. KIELY. The same number that dispatch it by wagon.

The CHAIRMAN. But at the end of the tube you have to do it again?

Mr. KIELY. No, sir.

The CHAIRMAN. Yes, sir.

Mr. KIELY. No, sir.

The CHAIRMAN. How do you get the mail into the pouch after you take it out of the tube?

Mr. KIELY. You generally have it tied up; it comes in bundles.

The CHAIRMAN. How much would New York have to pay over the annual rental of the tube for the dispatch of mail after it leaves the tube that it would not have to pay if it went by wagon?

Mr. KIELY. It would not have to pay anything more.

The CHAIRMAN. At the end of the tube you have to have clerks to do the work?

Mr. KIELY. Yes, sir. Where we require one clerk to put it into the tube we would require seven or eight to put it in the pouches. That is our experience in New York.

The CHAIRMAN. That is not my experience, and I have been watching this mail business for a long while. There is really some advantage in time by the distribution of the mail by the tubes?

Mr. KIELY. There is no question about that.

The CHAIRMAN. How do you know?

Mr. KIELY. By experience.

The CHAIRMAN. You have been superintendent of the mail for 18 days?

Mr. KIELY. But I have had experience for 15 years as a supervisor.

The CHAIRMAN. What was your supervisory work—directly in connection with the transmission of mails?

Mr. KIELY. Yes, sir; I supervised the stations where the tubes were in operation.

The CHAIRMAN. All you did was to know that the mail came in the tubes under the worktable?

Mr. KIELY. And that they went out.

The CHAIRMAN. But you did not know where they went to or you did not know what cost there was attached after they went out?

Mr. KIELY. No; I never was in charge of that, but I knew in this way.

The CHAIRMAN. You were not charged with the responsibility of what it cost to do the thing?

Mr. KIELY. At one time I was in charge of a station at the beginning of the tube and another time I was in charge of a station at the end of a tube.

The CHAIRMAN. What do you know of the cost of the work?

DISPENSING WITH CLERKS.

Mr. KIELY. I know that if the tubes are again placed in operation it will dispense with the services of 104 clerks.

The CHAIRMAN. Are you sure about that?

Mr. KIELY. There is no question about that.

The CHAIRMAN. What about the insurance of the safety of registered mail, how do you know?

Mr. KIELY. At the present time registered mail is being transported to all stations in New York under guard.

The CHAIRMAN. Who are the guards?

Mr. KIELY. If the tubes go into operation we will dispense with all the guards on the wagons that go between stations. You can transport 80 per cent of the registered mail by tubes.

GUARDS FOR REGISTERED MAIL, ETC., CONVOYED.

The CHAIRMAN. How much of the registered mail in New York is taken from station to station?

Mr. KIELY. I can not say offhand.

The CHAIRMAN. You do not know whether they are put on the wagon to guard registered mail or parcel post?

Mr. KIELY. I know that we would not have guards for other than registered mail.

The CHAIRMAN. I suppose you put a man on the wagon if there is one registered letter?

Mr. KIELY. No, sir.

The CHAIRMAN. What is the limit?

Mr. KIELY. We put those men on to guard valuable registered mail. We have perhaps 140 different runs of convoys during the day.

The CHAIRMAN. What is a convoy?

Mr. KIELY. A convoy is a man who is placed on a wagon to guard registered mail.

The CHAIRMAN. You do not know anything about the amount of the registered mail, you say?

Mr. KIELY. Personally, I do not know.

The CHAIRMAN. You do not know whether there are 140 convoys or 139 convoys more than there ought to be?

Mr. KIELY. I know they are required.

The CHAIRMAN. How do you know?

Mr. KIELY. Because the superintendent of registry department, who is in charge of the registered mail, determines the trips on which convoys are to be placed.

The CHAIRMAN. That is no evidence that they are required. That is a regulation enforced by somebody to put them on. It does not mean that they are required?

Mr. KIELY. In any event, if the tubes are again put in operation 80 per cent of the registered mail will be transported by tubes in tube carriers.

The CHAIRMAN. How many of these guards are there; 140, you say?

Mr. KIELY. Approximately.

The CHAIRMAN. Who authorizes their appointment?

Mr. KIELY. I assume the department.

The CHAIRMAN. By what authority?

Mr. KIELY. That, I do not know.

The CHAIRMAN. You do not know anything about it. How long have they been in existence?

Mr. KIELY. Since November.

The CHAIRMAN. What class of men are employed on these convoys?

Mr. KIELY. Substitute carriers and marines.

The CHAIRMAN. You still have marines?

Mr. KIELY. Yes, sir.

The CHAIRMAN. How many of them are substitute carriers and how many are marines?

Mr. KIELY. There are 140 substitute carriers.

The CHAIRMAN. How many marines?

Mr. KIELY. Probably half that number.

The CHAIRMAN. Two hundred and ten. What is the value of the registered mail?

Mr. KIELY. I have no idea.

The CHAIRMAN. Does anybody know?

Mr. KIELY. I do not believe they do.

The CHAIRMAN. Is there a good load of registered mail before the convoys are placed on it?

Mr. KIELY. We put convoys on all registered mail that is regarded as valuable.

The CHAIRMAN. Regardless of whether there is one letter or a thousand?

Mr. KIELY. We do not put them on if there is only one letter.

The CHAIRMAN. You know that?

Mr. KIELY. We know what dispatches go out.

The CHAIRMAN. Do you know as a matter of fact that they do not put on guards where there is only one letter?

Mr. KIELY. Yes, sir.

The CHAIRMAN. You said you did not know how many letters were necessary to have a convoy. Now, you say you do know. Now, tell us how you know?

Mr. KIELY. I must have misunderstood your question. Above Forty-second Street they have runs in the middle of the day for the stations, which are not very great, and those trips are not convoyed, but all valuable mail which goes up in the morning when the mail is heavy and the valuable mail that comes down at night, containing remittances from stations, are convoyed.

The CHAIRMAN. You do not convoy mail that is valuable if it is sent out in the middle of the day. I take it it depends upon the time of day?

Mr. KIELY. We judge by the number of pieces.

The CHAIRMAN. I judge from what you say that it depends entirely upon the hour of the day?

Mr. KIELY. I would not put it that way.

The CHAIRMAN. How do you want to be understood?

Mr. KIELY. I say that the number of pieces is less in the middle of the day.

The CHAIRMAN. And you do not convoy it?

Mr. KIELY. We do not convoy it.

The CHAIRMAN. And hence you decide that the mail is not as valuable in the middle of the day?

Mr. KIELY. As in the morning and evening.

The CHAIRMAN. You do not consider that mail sent in the middle of the day is as important as mail sent in the morning or evening?

Mr. KIELY. I do not think that is the way they look at it.

The CHAIRMAN. How do they look at it?

Mr. KIELY. I think they figure that there is less chance of a hold-up in the middle of the day than there would be in the early hours or in the evening hours.

The CHAIRMAN. What do you mean by early hours?

Mr. KIELY. In the morning.

The CHAIRMAN. What do you call early hours?

Mr. KIELY. Between 5 and 8 o'clock.

The CHAIRMAN. You do differentiate between the value of the time?

Mr. KIELY. Yes, sir; if you want to put it that way.

The CHAIRMAN. The value of the mail is dependent upon what time of day the mail goes out—it is valuable or not valuable from the viewpoint of the post office. Hence, the tubes are necessary in one-third of the day and they would not be necessary in the other two-thirds?

Mr. KIELY. I do not think that would be the right way to look at it. It would give better protection than is given now.

The CHAIRMAN. You said that you wanted to expedite the special-delivery letters. How many special-delivery letters do you have in New York in a day?

Mr. KIELY. Fifteen to seventeen thousand a day.

DELIVERY OF SPECIAL-DELIVERY MAIL.

The CHAIRMAN. How long does it take to deliver a special-delivery letter at the present time?

Mr. KIELY. At the present time it takes from three to five or six hours, where formely it took from half an hour to two hours.

The CHAIRMAN. How long since it took half an hour?

Mr. KIELY. July 1, 1918.

The CHAIRMAN. How many special-delivery letters were delivered in any such time as that during that period?

Mr. KIELY. We have a record of the delivery of those letters.

The CHAIRMAN. Delivered where?

Mr. KIELY. I have known letters posted at the City Hall Station to be delivered at the Grand Central Station inside of half an hour.

The CHAIRMAN. When were the letters delivered to the persons to whom they were addressed?

Mr. KIELY. Within half an hour.

The CHAIRMAN. How many have you known of the total number that have not been delivered the same day or the next day?

Mr. KIELY. All letters in New York City that were received up to 11 p. m. were delivered that day.

The CHAIRMAN. Do you mean letters of all kinds?

Mr. KIELY. All special-delivery letters.

The CHAIRMAN. They were delivered before midnight?

Mr. KIELY. Yes, sir.

The CHAIRMAN. How long has that practice existed?

Mr. KIELY. Since the special-delivery service went into operation.

The CHAIRMAN. Are you sure that has been continuous?

Mr. KIELY. There is no question about it.

PROSPECTIVE DECREASE OF MOTOR-VEHICLE SERVICE THROUGH INSTALLATION OF TUBES.

The CHAIRMAN. There is a lot of question about it. Now, then, we have one more reason why the Post Office Department would like to have tube service in New York, and that is that it will decrease the cost of motor-vehicle service. Tell us, if you know, how much of a decrease there will be in the cost of the motor-vehicle service through the installation of tube service?

Mr. KIELY. About $275,000 will be the saving. We will take those motor trucks off the streets.

The CHAIRMAN. How do you know you will?

Mr. KIELY. Because we have estimated upon and figured on the wagons that will be taken off when the tube service goes into operation.

The CHAIRMAN. How much of the total volume of mail will be delivered through the tubes?

Mr. KIELY. Of the total volume of mail?

The CHAIRMAN. You must have some reason for your calculation.

Mr. KIELY. At the New York post office there are 14,000,000 pieces of mail handled daily.

The CHAIRMAN. How much of that is first-class mail?

Mr. KIELY. Eight million pieces.

The CHAIRMAN. What is the total weight of those 8,000,000 pieces of first-class mail as compared with the total weight of all the mail?

Mr. KIELY. I have no idea.

The CHAIRMAN. Then, how do you know how many wagons you could take off?

Mr. KIELY. Because we know that those wagons were put on when the tubes went out of operation.

The CHAIRMAN. That is not the way to convince this committee. You must convince us that we are justified in making the investment. We are running a business here; a business enterprise, and we are here to conserve the public interests in the expenditure of the public money.

You must convince us by a presentation of facts and figures. You say that the total number of pieces of mail handled in the New York City post office daily is 14,000,000, and that the total number of pieces of first-class mail is 8,000,000, but you do not know the relative weight of the first-class mail matter, as compared with the total weight of all the mail matter. Yet, notwithstanding your lack of knowledge on the subject, you say that you can effect a saving of $275,000 in the matter of motor vehicles.

Mr. KIELY. I know that we can take off over 13,000 pouches of mail per day now being carried by trucks.

The CHAIRMAN. You can take it off from what?

Mr. KIELY. From the wagons.

Mr. GALLIVAN. And have it transported through the tubes?

Mr. KIELY. Yes, sir.

The CHAIRMAN. What is the cost of this wagon service, and how much do you estimate you can save?

Mr. KIELY. We estimate we can save $275,000.

The CHAIRMAN. What is the total cost of the vehicle service in New York?

Mr. KIELY. It is approximately, or will be this year, about $1,900,000.

The CHAIRMAN. How much has that increased during past year?

Mr. KIELY. It has decreased.

The CHAIRMAN. How much was it year before last?

Mr. KIELY. $2,200,000. It is now $1,900,000.

The CHAIRMAN. Is that due to the fact that the mail is not as large in volume as it was, or is it due to economies?

Mr. KIELY. I believe it is due to economies mainly.

The CHAIRMAN. Is the mail as large in volume as it was?

Mr. KIELY. I believe it is larger this year than it was last year.

Mr. GALLIVAN. Mr. Chairman, you asked a question that has not been answered.

PERCENTAGE OF FIRST-CLASS MAIL HANDLED THROUGH TUBES.

The CHAIRMAN. We will go back to that. What percentage of the total mail is to be carried through the tubes, or what is the percentage of the first-class mail?

Mr. KIELY. Eight-fourteenths.

The CHAIRMAN. Eight-fourteenths of all the mail?

Mr. KIELY. Yes, sir.

The CHAIRMAN. I think you are mistaken about that. You are talking about pieces of mail.

Mr. KIELY. All of our mail is handled by pieces.

The CHAIRMAN. I know it is handled by pieces, but it is not handled by pieces when you come to load the stuff on trucks. What I want to know is the weight of the first-class mail as compared with the total weight of the mail. I want to know what percentage of the weight is represented by the weight of first-class mail. Is it 1 per cent?

Mr. KIELY. I have no estimates on the weight.

The CHAIRMAN. Then you are entirely out of court. You have no case if you do not know anything about it. Is it 1 per cent of the total weight?

Mr. KIELY. It must be more than that.

The CHAIRMAN. Is it one-half of 1 per cent?

Mr. KIELY. I have no idea as to the weight of the mail.

The CHAIRMAN. I will tell you what it is: It is about one-half of 1 per cent—that is to say, one-half of 1 per cent of the mail would go through the tubes. Six per cent of the first-class mail is all that you can put through the tubes.

Mr. KIELY. That is not right.

The CHAIRMAN. I can prove that to you in a minute.

Mr. KIELY. There are 8,000,000 pieces of first-class mail per day, and 5,000,000 pieces would go through the tubes.

The CHAIRMAN. Only 6 per cent of the first-class mail could go through the tubes. You can figure it out and see if I am not right. You have not yet come to the point that I want you to come to. I want to know how you can expect to tell us about this without a knowledge of the facts, and you admit that you have no knowledge of the facts. I want to know how you can expect to save $275,000 a year in transportation by motor vehicles across New York by the substitution of tube service.

Mr. KIELY. We would dispense with wagons that would carry 13,000 pouches of mail per day.

The CHAIRMAN. You have not dispensed with anything, and you do not know what the weight of the mail is.

Mr. KIELY. I know that we can dispense with wagons that are carrying 13,000 pouches of mail.

The CHAIRMAN. You do not know how much mail would go through the tubes or what would be the weight of the mail going through the tubes.

Mr. KIELY. It is immaterial what the weight is. We know that that mail is now contained in 13,000 pouches, and we know that it requires so many wagons to transport that mail.

The CHAIRMAN. The question of the weight is a very material one, because if the mail that goes through the tube constitutes only one-half of 1 per cent——

Mr. KIELY (interposing). I do not admit that.

The CHAIRMAN. I do not care whether you admit it or not, it is a fact. I know something about this matter myself. Now, if it is only one-half of 1 per cent of the total tonnage of the mail, do you mean to tell me that it would make any difference in the number of vehicles that you would have on the streets? With only one-half of 1 per cent of the total tonnage carried through the tubes, what difference would be made in the number of vehicles on the streets?

Mr. KIELY. I know that if the tubes are placed in operation, it will not be necessary to have the frequency of service that we have now. I know this, that we are compelled now to have half-hour service in order to deliver the letter mail. If we had that letter mail transported through the tubes, we could do away with that half-hourly service and transport all of the other mail in wagons as at the present time. I believe that by a resurvey of the wagon service we can further reduce the service by using larger wagons and by having less frequency in our service.

The CHAIRMAN. You believe so, but you do not know it.

Mr. KIELY. I am quite positive as to that.

The CHAIRMAN. You have no facts upon which to base your belief.

Mr. KIELY. I am not imagining it.

The CHAIRMAN. You have not given us any facts at all. Why do you not figure it out on the basis of facts. You have not figured out anything here, but you are simply making assertions. You have not stated any facts at all.

Mr. KIELY. I am telling you that this wagon service is predicated upon the movement of the first-class mail, and those wagons are not filled to capacity at the present time.

The CHAIRMAN. I know that it does not make any difference whether you send the mail through the tubes or not, you would not have to have any more wagons by reason of that fact. If you sent it through the tubes, you would not have any less number of wagons.

Mr. KIELY. If we sent it through the tubes, we would have a less number of wagons, because we would not have to provide the frequency of wagon service that is now required.

The CHAIRMAN. Why do you not figure it out and show us why you want to do this thing? If you were running a business for a private person or corporation, and you asked the president of the corporation to invest a large amount of money in the department that you were running for the business corporation, you would have to show him the facts and figures before he would make the investment.

Mr. KIELY. I am showing you now.

The CHAIRMAN. No; you are not. You could not show anybody in any business in the world upon the basis that you have undertaken to show us, or if you undertook it upon that basis you would not get $1 invested in any business enterprise in the world. You could not indue the investment of a single dollar in any business enterprise upon the basis of such testimony as you have submitted here. You have not shown anything. You ought to have the figures here. We ought to know the relative weight of the first-class mail as compared with the total mail. We should know the percentages of the different classes of mail, the number of dispatches that will be made through the tubes, the quantity of mail carried in each dispatch, the cost of handling the mail at the end of the dispatch, and the time consumed in the distribution of the mail before it goes on the train. We do pretend to know something about this subject. Before we invest money in a service of this kind we want to find out what we are doing. You have not proven your case by any means, and you can not prove it in that way. If you were running a department for me in connection with my business I would make you tell me exactly what you could do before you got any money. You have not told us what you can do, and we are here trying to represent the taxpayers. Now, you say this would relieve congestion on the streets and prevent accidents. To what extent do you know that to be the case. Of course, you have not made this statement, but it is a statement prepared by the Post Office Department, and you are placed upon the stand to prove what they say. We want you to prove it if you can. Now, tell us about the congested condition on the streets that causes accidents, and how you can relieve that situation.

Mr. KIELY. Naturally, if we relieve the wagon service of so many wagons——

The CHAIRMAN (interposing). But you will not do that, will you?

Mr. KIELY. I said we would.

The CHAIRMAN. But you have not shown us how you will do it.

Mr. KIELY. We will take them off if the tubes go into operation, and that is all there is about it. During the last eight months, from July 1 to February 1, there were 815 accidents.

The CHAIRMAN. Those accidents are occurring every day on every street of every city of the world.

Mr. KIELY. These are accidents to our trucks.

Tht CHAIRMAN. That, of course, is due to the carelessness of the drivers.

Mr. KIELY. Naturally, if we reduce the number of trucks, we will reduce the number of accidents.

The CHAIRMAN. If you reduce the number of trucks, you are liable to reduce the number of accidents?

Mr. KIELY. Yes, sir.

The CHAIRMAN. You would probably do that, but how do you know that you will do it? You do not know that and nobody can tell about it. I do not ask you to prove that because I do not think anybody can do that. Of course, there is only one sure way to reduce the number of accidents and that is to make the drivers drive sanely, which they do not do.

NUMBER OF STATIONS HAVING TUBES.

Then you say that this will insure a continuous flow of the mail. How would this insure a continuous flow of the mail? How many stations have you to which this mail would go through the tubes in New York?

Mr. KIELY. Twenty-seven.

The CHAIRMAN. How many stations have you altogether?

Mr. KIELY. Forty-seven.

The CHAIRMAN. So that 27 stations out of 47 would be supplied by the tubes?

Mr. KIELY. Yes, sir.

The CHAIRMAN. What is to happen to the 20 stations that have no tubes? How will you take care of the mail for those stations?

Mr. KIELY. They are principally outlying stations.

The CHAIRMAN. And they have no rights?

Mr. KIELY. If we had our way we would extend the tube service.

The CHAIRMAN. You would extend the service to all of them?

Mr. KIELY. Yes, sir.

The CHAIRMAN. Then you claim that this will eliminate the necessity for a number of pouching clerks and loading and platform labor. I think you will add to the number of pouching clerks. I do not believe you and I can agree on that. I believe you would add to the number.

Mr. KIELY. Our experience indicates that we would reduce the number.

TUBE SERVICE AT CHICAGO, ILL.

The CHAIRMAN. My experience has been just the reverse. I will tell you about my experience in Chicago. I have read some experience with these matters and have made some study of the mail business.

Mr. KIELY. I understand that you are the best informed man in Congress on the mail service.

The CHAIRMAN. My experience was this: You start the mail through the tube, having placed it in an 8-inch carton, with an inside diameter of 6 inches, I believe. Now, you have got to go through the usual form of tying this mail matter up in order to get it in; then you shoot it through and it goes to the work table; then it goes from the work table into the pouch, and you have got to have men there

to pouch the mail. Now, it is more expensive to tie up the mail to send it through the tube than it is to tie it up to go in a pouch.

Mr. KIELY. It is the same form.

The CHAIRMAN. You must tie it up in a certain form to go through the tube.

Mr. KIELY. It is in the same form.

The CHAIRMAN. When the mail matter gets to the other end you must handle it again. I have had this experience: I have started with a wagon loaded with mail from the post office at the same time that mail was put into the tube, the tube mail and the wagon mail having the same destination. The wagon was drawn by horses, walking at an even pace of about 4 miles per hour, and the mail that was carried on the wagon was put on the train before the mail that went through the tube.

Mr. KIELY. May I ask you a question there?

The CHAIRMAN. Yes.

Mr. KIELY. You started off the operation by starting with the mail wagon. Now, did you start from the minute that the mail was tied out at the mail case?

The CHAIRMAN. Yes.

Mr. KIELY. I understood that you started from the platform where the mail was already in the pouches and in the wagons.

The CHAIRMAN. Yes.

Mr. KIELY. That is not the point. The time gained is not from that point, but from the time the mail is tied out on the case.

The CHAIRMAN. Tied out on the case at each end of the tube?

Mr. KIELY. I mean where it is distributed.

The CHAIRMAN. Time is lost in the distribution instead of being gained. Here is the experience we had: We paid $19,500 a year per mile for tube service, the service amounting to something over $900,000 all told. My experience with it showed that the extra cost for clerical force at the end of the tube service was about as $60,000 would be to $130,000. Therefore there would be 50 per cent on top of that that we would not have to have if it were not for the tubes.

Mr. KIELY. May I tell you of our experience in New York? When the tubes went out of operation we had to ask for 104 clerks.

The CHAIRMAN. Of course, you know that every post office in the United States is very liberal in its request for clerks, and whether the tubes were in operation or out of operation, those requests would come to the Post Office Department for clerks. You would have a request from everyone of those post offices every morning or every week at the outside. Therefore you can not attribute that demand to the lack of tube service.

Mr. KIELY. I tell you positively that we needed those clerks in order to handle our pouching.

ELIMINATION OF DEPRECIATION OF MAIL POUCHES.

The CHAIRMAN. Tell us about the elimination of wear and tear on mail pouches and the reduction in the number required. How many mail pouches would you save?

Mr. KIELY. About 13,000 pouches per day.

The CHAIRMAN. How much wear and tear would be saved?

Mr. KIELY. I would judge to the extent of about $30,000.

The CHAIRMAN. Have you figured that out?

Mr. KIELY. No, sir; I am estimating it.

The CHAIRMAN. Of course, I agree that this does provide an alternative method of transporting the letter mail in case of storm. All of us will agree to that. I call your attention to this statement by Mr. Morgan:

Incoming mails for delivery distributed on trains and mail steamers for the various stations would secure immediate dispatch in connection with delivery trips by carriers. Under the present method of transporting mails between the terminals and the stations by motor-vehicle service exclusively incoming mails from trains and steamers must await the next scheduled dispatch of truck. With the use of the pneumatic tubes it would be possible to advance much of this mail in delivery or make better and surer connections with the delivery trips.

I judge that Mr. Morgan has been rather reckless in his statement here, because he assumes that all mail is dispatched between docks and ships and trains by motor vehicle. There was a time during the war when that was done, because we did away with the tug service to the ships at quarantine, but I understand that that service has been reinstated, so that the ship mail does not have to be handled in this way at all. It may have been done in that way when Mr. Morgan was postmaster before, but that was in the paleozoic age. He has forgotten that we meet the ships at quarantine and take the mail from the ships and bring it around the Battery, carrying it to the terminals from which it is shipped to its destination.

Mr. KIELY. That is the way we do it.

The CHAIRMAN. You did not do that during the war?

Mr. KIELY. It was given up during the war.

The CHAIRMAN. But it has been reinstated?

Mr. KIELY. Yes, sir.

The CHAIRMAN. You have not made the slightest impression upon me in this matter. You have not produced a single fact.

Mr. KIELY. I think I have given you all the facts.

The CHAIRMAN. You have not given us a single fact. The only way in which you can give facts is to figure them out, and you have not done that.

Mr. KIELY. They are in the record.

The CHAIRMAN. No; there is not one. When you read that testimony you will be bound to conclude that you have not submitted a single fact. You have made statements, but you have no where shown how the results you claim can be attained. As I understand it, the First Assistant Postmaster General contradicts what you have said. He has not said it here, but we will bring him down here and ask him to testify. He says that you can not save in the truck service through the introduction of tubes. The First Assistant Postmaster General says that you can not save any money in that way.

Mr. PERKINS. The reason Dr. Work made that statement was because he believed that the mail was increasing so rapidly in New York that they would need all the trucks they had to carry the increased mail even with the tubes. He feels that a saving would be made in trucks, because with the tubes no new trucks would be necessary to handle the increase but there might not be an actual saving in dollars and cents because of the increased volume of mail to be carried.

Mr. GALLIVAN. There is one question I would like to have answered. I did not want to interrupt the chairman's examination, because it was interesting and entertaining, and Mr. Kiely is also interesting and entertaining. Now, there are 14,000,000 pieces of mail per day handled in New York City?

Mr. KIELY. Yes, sir.

Mr. GALLIVAN. Eight million pieces of which are first-class mail matter?

Mr. KIELY. Yes, sir.

Mr. GALLIVAN. Can you give us any idea of how many of those 8,000,000 pieces of mail were carried through the tubes under the old order of things?

Mr. KIELY. About 5,000,000 pieces, or between four and five million pieces.

Mr. GALLIVAN. Since the discontinuance of the tubes, those 5,000,000 pieces of mail which were formerly carried by the pneumatic tubes have to be loaded upon wagons and transported across town, or uptown or down town.

Mr. KIELY. Yes, sir.

Mr. GALLIVAN. Mr. Kiely, you have been there since 1905?

Mr. KIELY. 1885.

Mr. GALLIVAN. Can you say whether Mr. Morgan, now again postmaster of New York, has always been in favor of tubes?

Mr. KIELY. He has always been; yes, sir.

Mr. GALLIVAN. As one who fought my head off for the tubes in other days, I saw postmasters change under different administrations, and I wondered whether he has always had this same attitude.

The CHAIRMAN. I do not know whether Morgan has had or not, but the postmaster in New York and all his assistants were opposed to the tubes on former occasions—that is, for the record—and so were all the postmasters in all the rest of the cities of the Union, and we have be ome pretty well convinced that they were either dodging the issue or you are making a better case than they did.

NEED OF PNEUMATIC-TUBE SERVICE.

Mr. EDWARDS. I will next introduce Mr. Charles Lubin.

The CHAIRMAN. What is he to testify about?

Mr. EDWARDS. In support of the same set of facts.

The CHAIRMAN. You have not presented any facts.

Mr. EDWARDS. Then the same allegations.

The CHAIRMAN. That is better.

Mr. LUBIN. Mr. Chairman, I entered the service in 1890 and was assigned to Station D. I was made assistant superintendent of delivery in 1906; assistant superintendent of Station I in April of that year, 1906; assistant superintendent of Station H in 1909; examiner of stations in 1912; assistant superintendent of delivery in 1913; and superintendent of delivery in 1918.

The CHAIRMAN. Superintendent of city delivery?

Mr. LUBIN. Yes, sir.

The CHAIRMAN. And you are superintendent of city delivery now?

Mr. LUBIN. At present; yes, sir.

The CHAIRMAN. What was your attitude on the question of the pneumatic-tube service in New York while you were assistant superintendent of delivery when this question was up before?

Mr. LUBIN. In favor of the tubes.

The CHAIRMAN. Did you ever make a report on that question?

Mr. LUBIN. I was never asked by the Postmaster General to make a report.

The CHAIRMAN. So you never expressed an opinion about it officially?

Mr. LUBIN. No, sir.

The CHAIRMAN. What was the attitude of the post office in New York, those who were in charge, at the time we had this question up before, if you know?

Mr. LUBIN. Well, Postmaster Morgan, Postmaster Wilcox, and Postmaster Dayton, I believe, were all in favor of tubes.

The CHAIRMAN. Does the record show that?

Mr. LUBIN. I did not come in very close contact with Postmaster Dayton.

The CHAIRMAN. I do not think they were all in favor of tubes, and I think the record shows the other way. They were in favor of tubes running up to Forty-second Street, and I think the tubes up to Forty-second Street should have continued, but, outside of that, I have never seen why there should have been any tubes.

Mr. LUBIN. I was going to say that I was assigned to Station D as a clerk in 1891, and the tubes were placed in operation in New York in 1898. Station D was among one of the first stations that had that system installed. I was also in Station D when the tubes were discontinued for lack of appropriation—I do not remember the year—and they were out of service a year or two and then they were resumed. Then I was in Station I when there was no tube connection with that station. I was transferred to Station H, which carried a part of that territory; a new station was established, and it took in a part of Station I and a part of the adjoining station, and tubes were installed. I noticed the difference in the transportation of mail and in the handling of mail and the result it had on the delivery of mail because of the tube methods, and it has been my experience that with the tubes in operation larger quantities of mail can connect with deliveries; that is, closer connections were made with carrier deliveries. For example, for the first delivery in the morning we have to close out the mail at a certain hour to give the carriers an opportunity to tie out their bundles and go out on the street and deliver the mail. There have been occasions when late railroad arrivals have come in after the men have been told to tie out, and then having been told to tie out we would get several carriers of railroad mail, with the wagon service, which we would not put in, but which could have been put in with the tubes. There were various instances of that sort. It has been very important with regard to special-delivery mail. The mail travels faster between stations. I have a table showing the time of transferring by tube and the time of transferring under the present wagon service.

The CHAIRMAN. We know how fast it travels by tube and we know how much delay there is at the end of the tube before you get the mail ready for dispatch. We already have that.

Mr. LUBIN. You particularly refer to railroad mails?

The CHAIRMAN. What do you say as to the railroad mails, about what I referred to as railroad mails?

Mr. LUBIN. I do not think there is any difference as far as the extra handlings are concerned; the mails move faster, but as far as handling is concerned, I believe they are about the same.

The CHAIRMAN. There is one more handling on mail that goes through the tubes.

Mr. LUBIN. I do not think so.

The CHAIRMAN. You are not sure about that?

Mr. LUBIN. I do not think there are any extra handlings.

The CHAIRMAN. Do you know what percentage the first-class mail is to the total mail weight in New York City?

Mr. LUBIN. I do not know in weight; no, sir.

The CHAIRMAN. So you do not know whether it is 1 per cent, one-half of 1 per cent or 5 per cent?

Mr. LUBIN. I know there are 8,000,000 letters a day, and if you calculate 50 letters to the pound that would give us the number of pounds.

The CHAIRMAN. We do not want to calculate that; we want you to have all of those calculations made when you come here, because we have not the time to make the calculations. We assume when we ask you questions that you will have the calculations made as to whether it is 1 per cent of the total weight, one-half of 1 per cent, 5 per cent, or whether it is 2 per cent of the first-class mail that goes through the tubes or 5 per cent of the first-class mail.

Mr. LUBIN. I have never called for any statistics on that. The pneumatic tubes are used almost exclusively for the letter mail proposition.

The CHAIRMAN. Of course, it could not be used for any other mail.

Mr. LUBIN. You could not transport parcel post mail or second-class mail, although we did use it for the transmission of daily papers, and it expedited the delivery of those.

The CHAIRMAN. There is nothing else I want to ask you about. You have testified to your adherence to the belief that tubes are a good thing. Is there anybody else here who wants to testify?

Mr. EDWARDS. Mr. McGurty.

TESTS IN HANDLING OF MAIL.

The CHAIRMAN. What is his business?

Mr. EDWARDS. Mr. McGurty is assistant superintendent, of delivery in New York City.

The CHAIRMAN. We have heard from the superintendent. Why do you want us to hear the assistant superintendent? Does the assistant superintendent know anything the other man did not know?

Mr. EDWARDS. Mr. McGurty, Mr. Chairman, assisted in making a report to the Joint Commission on the Postal Service.

The CHAIRMAN. Recently?

Mr. EDWARDS. Yes; on this very question; and so did all these gentleman, I may say.

The CHAIRMAN. Go ahead and tell us what you know about it.

Mr. MCGURTY. Do you want me to give my experience in the service?

The CHAIRMAN. Yes.

Mr. McGURTY. I was appointed clerk in the mailing division in September, 1897; I worked as distributor on the New York State distribution case for eight years; I was made a clerk in Station E, which has now been replaced by the Pennsylvania Station; I was promoted to assistant superintendent of stations in 1911, at the College Station; served also at Station E as assistant superintendent; promoted to superintendent of stations, served at Kings Bridge Station, High Bridge Station, and Station X, and have been assistant superintendent of delivery since 1918. My experience with pneumatic tubes as a clerk showed me conclusively that mail for outbound destinations——

The CHAIRMAN (interposing). That is, for trains?

Mr. McGURTY. Yes; was expedited.

The CHAIRMAN. To what extent?

Mr. McGURTY. From one-half hour to one hour. On the supplementary mails, to connect with the New York and Chicago train 35, for example——

The CHAIRMAN (interposing). That is the train which leaves at 8.45 in the evening?

Mr. McGURTY. Yes, sir. We would tie out the regular mails on the New York State case, which supplied the greater proportion of the State, and carried the mails for all western connections, and then we would continue to make distribution after that tie out—which was forwarded by wagons—for 30 minutes.

The CHAIRMAN. You mean you made a distribution of mails for 30 minutes after the last wagon left?

Mr. McGURTY. Yes, sir. So that by having the tubes for the dispatch of mails we were able to work the mails for 30 minutes, with as many clerks as would be assigned to the various cases, and that mail would be carried by tubes to the Grand Central Station and would connect with the train.

The CHAIRMAN. The last mail train for the West goes out at 8.45, does it not?

Mr. McGURTY Yes; the next one, I believe, is 2 o'clock in the morning. So my experience as a clerk showed me that mail was expedited through the use of tubes for outgoing dispatches. As to the tie-outs that have been referred to, we must take into consideration the location of the platforms, the location of the tubes, and the various operations that are necessary under the two methods of handling mails. With the tubes a certain element of time was eliminated in passing from the platform or over the platform to the opening tables and to the distributing cases. Now, it requires more time to prepare your mails for dispatch by wagons than it does by tubes. You have the advantage of getting a flow of mail to your clerical force, and if the capacity of a clerk is 8,000 pieces an hour and you have an accumulation of 80,000 pieces of mail, you would have to have more clerks.

The CHAIRMAN. Did you say 8,000 pieces of mail for distribution?

Mr. McGURTY. Approximately.

The CHAIRMAN. How many are they required to distribute?

Mr. McGURTY. Sixteen a minute on examination.

The CHAIRMAN. That would only be 960 an hour. How are you going to make them distribute 8,000 if they can only distribute 960?

Mr. McGURTY. From experience and tests that is what the average clerk will do in an 8-hour period.

The CHAIRMAN. You mean in eight hours?

Mr. McGURTY. In an 8-hour period he will maintain an average of 8,000 letters in his day's work.

The CHAIRMAN. I would like to see him do it.

Mr. BYRNS. Do you mean 8,000 for eight hours, or 1,000 in one hour?

Mr. McGURTY. Eight thousand for eight hours, at the rate of 1,000 an hour.

The CHAIRMAN. You said 8,000 an hour.

Mr. McGURTY. If I did, I want to correct that. I would like to see them do it, too, but that is impossible. We made tests and kept records last May, which is one of the lightest months of the year. With the absence of tube operation it was not possible to make accurate comparisons between the wagon service as against the tube service, but we made the best comparison we could, and, as has been stated heretofore, the records show that the daily cancellations in the New York office approximate 5,000,000 pieces of first-class mail.

The CHAIRMAN. That is, you say the New York office handles 5,000,000 pieces?

Mr. McGURTY. Which originate in the New York office, 5,000,000 pieces, and we receive from trains approximately 3,000,000 pieces, which gives us our 8,000,000 pieces for handling in a day. Of that 8,000,000 pieces our count shows that 500,000 pieces of mail were expedited, or would be expedited, by a restoration of the tube service.

The CHAIRMAN. So there would not be 5,000,000 pieces, as the superintendent of mails said. It would be 500,000 pieces expedited?

Mr. McGURTY. I do not think that was stated.

Mr. GALLIVAN. He said 5,000,000.

Mr. KIELY. I beg your pardon; I said that 5,000,000 would be transported by the tubes.

The CHAIRMAN. And that all mail transported by tubes would be expedited, which is the same thing.

Mr. McGURTY. That showed that 500,000 pieces of mail would be expedited in delivery if the tubes were restored to the service.

The CHAIRMAN. They would be pieces of first-class mail?

Mr. McGURTY. Yes, sir.

The CHAIRMAN. What would be the weight of 500,000 pieces of first-class mail?

Mr. McGURTY. Well, figuring that at 50 letters to the pound——

The CHAIRMAN (interposing). That would be about 10,000 pounds of mail, would it not?

Mr. McGURTY. Yes, sir.

Mr. GALLIVAN. For 500,000 pieces?

Mr. McGURTY. Yes, sir. Some statements have been made about the tonnage of mail. Unless you take a special——

The CHAIRMAN (interposing). Ten thousand pounds would be two wagonloads?

Mr. McGURTY. But we do not have a 5-ton truck in our station.

The CHAIRMAN. Then let us say it is five wagonloads.

Mr. McGURTY. What I want to bring out is that the matter of tonnage does not bear as close a relation to the transportation of mails as it does to the ordinary transportation.

The CHAIRMAN. But it does make some difference in taking the traffic off the streets, and one of the arguments made in behalf of this thing is that it takes the traffic off the streets.

Mr. McGURTY. Our proposition is one of bulk, and it is more a matter of bulk than it is of weight, because we may fill up a truck with 160 sacks, a 3-ton truck, and yet we would not have 3 tons of mail on it, any more than we take the space in a 60-foot car——

The CHAIRMAN (interposing). After all, weight has some bearing on it, because you can only haul so much.

Mr. McGURTY. Yes, sir; the limit of the capacity of the truck. I think I have set out that we have expedited 500,000 pieces of mail in the city of New York.

The CHAIRMAN. I think you have come nearer to it than anybody else.

HANDLING OF REGISTERED MAIL.

Mr. McGURTY. With regard to the subject of registered mails, we have consolidated the registered mails.

The CHAIRMAN. You mean to say they are centralized so that you pick them up by themselves?

Mr. McGURTY. By themselves, yes. And send them in big lots under convoy, and we do not send them as frequently as we send ordinary mail.

The CHAIRMAN. You do not send them with parcel post?

Mr. McGURTY. We do not send them with parcel post; no.

The CHAIRMAN. So, as a matter of fact, you do have a system in sending registered mail?

Mr. McGURTY. We have a system; we have a designated time for the delivery of registered mail and we assemble it so as to make big lots, and for the reason that an individual piece of registered mail may or may not have an exceptional value; on the other hand, the inviolability of the mail prevents us from knowing what the actual value of the inclosures are, so that mail going to the financial section, to jewelry houses, to bond houses, and mail of that class, is all consolidated and then armed guards are sent with that mail.

The CHAIRMAN. How long has that practice prevailed?

Mr. McGURTY. In a small way it has been prevailing since June, 1921.

The CHAIRMAN. Let me ask you this question confidentially: When you get registered mail that you have consolidated to the end of the tube——

Mr. McGURTY (interposing). I beg your pardon; I think I might say——

The CHAIRMAN (interposing). Just let me ask you this question: It still has to be delivered, does it not?

Mr. McGURTY. Yes, sir.

The CHAIRMAN. So that guards would be necessary after you got it through the tubes to the point of delivery, would they not?

Mr. McGURTY. They are necessary now, two guards.

The CHAIRMAN. I want to find out about that, because it was stated a few minutes ago that you would do away with them if we gave you the tubes. I want to ask you whether the mail would be any safer, being delivered without guards after leaving the tube, than if it did not go through the tubes?

Mr. McGURTY. After it has left the tube it certainly has no advantage, and in the same degree we would have to take some precautions.

The CHAIRMAN. So you would not do away with the guards, would you?

Mr. McGURTY. Not all of them, but the major portion of them.

The CHAIRMAN. Why?

Mr. McGURTY. Because the major portion of the guards now accompany the mail that has been concentrated in big lots on trucks.

The CHAIRMAN. Do you concentrate them at one place?

Mr. McGURTY. They are concentrated at the registry division, at the main office.

The CHAIRMAN. Do you not register mail at any station?

Mr. McGURTY. Oh, yes; but then it is in small lots.

The CHAIRMAN. What extra cost is attached to the sending of the mail that is registered at various points? New York is 428 square miles in area.

Mr. McGURTY. There are 140 runs.

The CHAIRMAN. Do you mean to tell me that they take all the mail that is registered in all the stations, covering an area of 428 square miles, and send it to the general post office for final dispatch?

Mr. McGURTY. Remember, Congressman, that the delivery district in the New York office is 64 square miles.

The CHAIRMAN. Then this does not apply to all of the New York office, but only applies to Manhattan; is that right?

Mr. McGURTY. They have a similar system in Brooklyn.

The CHAIRMAN. Then it does apply to all of New York, which covers an area of 428 square miles? How much does that cost?

Mr. McGURTY. I do not know what the cost is.

The CHAIRMAN. That is an outrage, it seems to me, in the management of the Postal Service, to go to all that expense of assembling all of this mail in a given spot for final distribution to every spot. You may take it away from the place where it was registered and it may be for delivery within a block, and still you send it to the center of the 428 square miles of area and have it dispatched back to the same place.

Mr. McGURTY. That is not exactly so.

The CHAIRMAN. What is not so? Tell us about that.

Mr. McGURTY. I will illustrate. Station I at One hundred and twenty-fifth Street and Eighth Avenue would receive a registered letter that would be deliverable at Station H, One hundred and second Street.

The CHAIRMAN. Suppose it was to be delivered in the next block?

Mr. McGURTY. It would stay in Station I and go out by carrier.

The CHAIRMAN. What about the convoy when the carriers get the mail?

Mr. McGURTY. That only applies to registered mail for the financial district.

The CHAIRMAN. Is not a registered letter likely to be of as much importance at Station I as at Wall Street?

Mr. McGURTY. There is that likelihood, but it is not as a general proposition.

The CHAIRMAN. Why not?

Mr. McGURTY. Because it is not addressed to a bank and is not addressed to a trust company.

The CHAIRMAN. But John Jones may be as important as anybody else, but you do not consider him of any consequence; you only consider the bank.

Mr. McGURTY. Banks, financial institutions, and jewelry houses.

The CHAIRMAN. Why do you give the banks a right I do not have?

Mr. GALLIVAN. I suppose those are his orders from Washington.

Mr. McGURTY. It is mail of exceptional value.

The CHAIRMAN. I do not see why a bank should have any more rights than I have. I pay the same rate of postage, and the registry fee I pay is just the same as they pay.

Mr. GALLIVAN. You men are simply obeying orders from Washington.

The CHAIRMAN. I might send a draft to some orphan who is related to me, or to somebody else, who is poor and who may be suffering or starving; I might send a registered letter to help them out of their misery. Now, is there any reason why a person who is in want should not have the same care as a person who does not need anybody's help?

Mr. McGURTY. Ordinarily speaking, that is given the protection and care its value would appear to warrant, but when a banking house sends a messenger to make a deposit of cash they usually send a guard.

The CHAIRMAN. But that is their business.

Mr. McGURTY. And when the Government turns over valuable packages it seems to us we should guard them with great care. Take the Federal reserve bank; it turns over to us for transportation large sums of currency. I think I have stated the fact that there is great advantage to the special-delivery mail.

The CHAIRMAN. I am glad you are convinced.

Mr. McGURTY. I am convinced from experience. I will relate an experience of our office with regard to special-delivery mail and cite a specific instance. The Erie Railroad Co. dispatches bills of lading from its Bronx terminal to its freight station located in the territory of the Varick Street Station. This special-delivery mail is mailed at Station X, One hundred and thirty-eighth Street, which is just north of the terminus of the depot at Station L. I speak from actual personal experience in handling the correspondence having been at Station X, and I know how these letters were handled. With the tubes in operation we made delivery of these important bills of lading within two hours, and as an actual fact we can not make delivery now in less than three and one-half or four and even five hours except by taking special means and giving special service and making up a special pouch for those particular special-delivery letters. In New York, when the tubes were discontinued because of the number of complaints that were made about the slow delivery of special-delivery mail, we put on express service.

The CHAIRMAN. Will you please answer this question, and maybe it will enlighten us, and I am sure it will be pleasing to you: What are you going to do with the special-delivery stamp that is put on a parcel-post package? What advantage is there going to be in delivering that? Are they entitled to the same dispatch?

ACTUAL COST TO OPERATE TUBES—AMOUNT NECESSARY TO PUT TUBES IN OPERATION.

Mr. McGURTY. Mr. Chairman, I should like to submit this statement?

The CHAIRMAN. I will pass on whether it goes into the record. We do not want to encumber the record with a mass of statements. This is just a repetition of what the counsel recommended?

Mr. McGURTY. It is just a full statement.

The CHAIRMAN. I will pass on whether it goes in or not. We do not want to repeat a lot of material.

Mr. PERKINS. This is just a memorandum which I prepared at the suggestion of the Postmaster General of what he had in mind in making this recommendatiaon. I can also explain how the $19.500 was arrived at, if it would be of interest to the committee.

The CHAIRMAN. They wanted a certain amount of earning on their investment?

Mr. PERKINS. No.

The CHAIRMAN. What was it?

Mr. PERKINS. The tubes cost the tube company $16,100 a mile to operate. Those figures were submitted to us in detail by the tube company. We submitted them to the New York post office to check over the figures and see whether or not the cost of each item was justified. The New York post office reported to us that as far as they could tell those figures were perfectly all right. There is an item of $150,000 which the tube company would have to have to put their tubes in operation. It was a question of how they could raise that money. The tube company has no money in its treasury, and they will have to secure the money from the banks.

The CHAIRMAN. We are going to furnish them capital?

Mr. PERKINS. No.

The CHAIRMAN. That is equivalent.

Mr. PERKINS. We are going to furnish them with margin. The only asset they would have is the contract.

The CHAIRMAN. They have not that?

Mr. PERKINS. No.

The CHAIRMAN. If we are going to take into account the amount of money necessary to restore the tubes—how much is it?

Mr. PERKINS. $150,000.

The CHAIRMAN. That we propose to advance them?

Mr. PERKINS. No; to enable them to borrow it.

The CHAIRMAN. I think that is an outrage. It will never go through Congress if I have anything to say about it. That is not a business proposition.

Mr. PERKINS. Of course, you can not have the tubes on any other basis.

The CHAIRMAN. Why?

Mr. PERKINS. Because they can not raise the money. The Postmaster General felt that the tubes were necessary.

The CHAIRMAN. The Postmaster General does not determine all these questions.

Mr. PERKINS. I was explaining his recommendation.

The CHAIRMAN. Congress has something to say about that as well as the Postmaster General. He is one of the instrumentalities through which the Government functions. We make the laws.

Mr. BYRNS. That raises a question in my mind. It has been nearly four years since the tubes were discontinued. Whether they are now in condition so that they could be operated and used in the same way as before is a question. I understand that it will require, I think you said, $150,000 to put them in condition?

Mr. PERKINS. That is necessary, due to several stations which were removed and the machinery taken out by order of Mr. Burleson.

Mr. GALLIVAN. Mr. Burleson started to scrap them.

The CHAIRMAN. They were taken out by order of the Committee on Post Offices and Post Roads. Mr. Burleson was authorized to do that. They were stored. Now they want to take them out and have us pay an increased rate. Not with my consent, never.

Mr. GALLIVAN. They were scrapped by the Government.

Mr. BYRNS. What portion of this $19,000 represents the cost?

Mr. PERKINS. The actual cost of operating the tubes is about $16,100 a mile. The rate which we suggest is $18,500 a mile.

The CHAIRMAN. Of course, they have to have a profit. That is a part of their business, to invest their money.

Mr PERKINS. Yes, sir; they must have a profit. They must have some assurance that there will be some profit.

Mr. BYRNS. Under the present situation, otherwise they can not operate?

Mr. PERKINS. No, sir.

The CHAIRMAN. They are not going to get any of that if the House knows about it, and it will know. Why did you ask for this as a deficiency?

Mr. PERKINS. That is the recommendation of the Director of the Budget.

The CHAIRMAN. What authority have you to come here, to come for this as a deficiency?

Mr. PERKINS. I would rather have Mr. Edwards answer that.

The CHAIRMAN. You are one of the administrators?

Mr. PERKINS. No; I am just Mr. Hays's secretary. I happened to be familiar with the details.

The CHAIRMAN. Well, Mr. Hays is not here?

Mr. PERKINS. Mr. Edwards is the solicitor for Mr. Hays and he will speak on the legal aspects.

The CHAIRMAN. There are no legal aspects. Is this a deficiency? This is not an activity that is in existence.

Mr. PERKINS. We made a request to the Director of the Budget for the total amount and the Director of the Budget instructed us to put in part of it as a deficiency and part of it as an appropriation.

The CHAIRMAN. You do not consider it a deficiency?

Mr. PERKINS. I am not saying yes or no on that; I have no opinion.

Mr. GALLIVAN. You have not had any experience; you do not know?

Mr. PERKINS. No, sir.

The CHAIRMAN. Mr. Edwards, what do you say?

Mr. EDWARDS. If you want a direct answer as to what I t' about it, I think it is not a deficiency.

The CHAIRMAN. That settles it. That is what we think, ex You agree with us. We have one agreement; it is absolutely deficiency.

Mr. EDWARDS. I do not see how you could have a deficiency.

The CHAIRMAN. I do not think there is any authority of law.

Mr. EDWARDS. The idea of asking for an appropriation was that there would be a gross amount asked of which a certain part should be available this current year.

The CHAIRMAN. Of course, we could not do that. The question is whether there is an existing deficiency; that is the question.

Mr. EDWARDS. I gave you my answer frankly.

WEDNESDAY, FEBRUARY 15, 1922.

OFFICE OF THE FOURTH ASSISTANT POSTMASTER GENERAL.

STATEMENT OF MR. GEORGE L. WOOD, SUPERINTENDENT DIVISION OF RURAL MAILS.

FOR INLAND TRANSPORTATION BY STAR ROUTE SERVICE.

The CHAIRMAN. For inland transportation by star routes, etc., you are asking a deficiency appropriation of $55,000.

Mr. WOOD. This is a deficiency appropriation for the fiscal year 1921. The appropriation was $11,000,000, and we got a deficiency appropriation of $1,363,000. We underestimated the amount that we would require in the deficiency appropriation, and the actual expenditures have been a trifle over $54,000 in excess of the amount appropriated.

The CHAIRMAN. Why do you ask for $55,000 if the real amount is a trifle over $54,000?

Mr. WOOD. There are a few bills outstanding, and we look for them to come in.

The CHAIRMAN. How does it happen that you do not get your bills sooner?

Mr. WOOD. The explanation of that is that it is a bookkeeping mistake, which has been corrected, and will not happen again. In explanation of this deficiency, I will read an extract from the letter that we wrote to the comptroller of the Post Office Department, or the budget officer, as follows:

> In explanation as to why this deficiency was not reported earlier, especially in view of circular No. 38, from the Director of the Budget, it may be stated that a considerable amount of temporary or emergency service was authorized under the provisions of section 1448, Postal Laws and Regulations, which provides for contracting for such service for not to exceed one year without advertising. On a portion of these routes the service was authorized at an indefinite rate and the statistician charged the payments to the appropriations when bills were submitted and ordered paid, while on others a formal contract was made at a specific annual rate, and through a misunderstanding the statistician failed to charge those against the appropriation, when authorized, as should have been done, with the result that when the statement was made in response to the request in circular No. 38, the records did not indicate a deficiency, and it was only when your office called attention to the fact that the appropriation was exhausted, that a research was made and the deficiency and the cause thereof was discovered.

The postmasters employed the services in some instances at the lowest rates obtainable, and because of that bookkeeping error the records did not indicate a deficiency.

The CHAIRMAN. That was for 1921?

Mr. WOOD. Yes, sir. That is something that will not happen again.

Mr. MADDEN. I do not know what we can do except to allow a thing like that.

Mr. WOOD. We ask for $55,000 because they say there are probably a few outstanding bills. There are some that we have already discovered. It amounts now to a trifle over $54,000.

The CHAIRMAN. Is it not possible to get these accounts adjusted without this long delay?

Mr. WOOD. We have taken steps to avoid this in the future. The cost of the star route service, I might say for your information, is on the way down.

Mr. SISSON. It might be well to explain how this bookkeeping error occurred, because we might be asked that question on the floor.

Mr. WOOD. The bookkeeping error occurred through the failure of the bookkeeper or statistician to take into account those payments that had been made and that were to be made at the lowest obtainable rate. The postmasters would not report them at the end of the month and they would run on for three or four months, or even five or six months. They would not report those things, and we could not charge them until the postmasters did report them.

Mr. SISSON. These amounts accumulated with the postmasters?

Mr. WOOD. Yes, sir.

Mr. SISSON. They were perfectly legitimate allowances and perfectly legitimate expenditures?

Mr. WOOD. Yes, sir.

Mr. SISSON. And by reason of their failure to report them in time you expended the money without knowing at the time what the deficiency was, and when the accounts came in you did not have money enough to pay them?

Mr. WOOD. That is true.

SATURDAY, FEBRUARY 18, 1922.

DEPARTMENT OF STATE.

STATEMENT OF MR. WILBUR J. CARR, DIRECTOR OF THE CONSULAR SERVICE.

SALARIES, CHARGÉS D'AFFAIRES, AD INTERIM.

The CHAIRMAN. I notice that you have a request here on page 97 of the bill for $8,000 for the salaries of chargés d'affaires, ad interim, in addition to the appropriation that has already been made for this class of service for the current fiscal year. How do you happen to increase the expenses under that item?

Mr. CARR. If you will permit me at this point to say it, most of the State Department items in this bill have arisen by operation of law, and with the exception of the $5,000,000 which we have estimated here for Colombia, a payment under a treaty about to be ratified, all of the amounts estimated herein will be equaled by corresponding savings in other appropriations, so that if you appropriate all

we have estimated here it will not really mean that any more money will come out of the Treasury.

The CHAIRMAN. I hope you will be able to convince us of that.

Mr. CARR. As to the chargé d'affaires appropriation, section 1685 of the Revised Statutes provides that when secretaries in the diplomatic service are acting as chargé d'affaires, ad interim, in the absence of the head of the mission, they are entitled to receive compensation in addition to their salary sufficient to make their total compensation equal to half the salary of the head of the mission. There have been many delays, as you doubtless know, in the appointment of heads of missions, and a great many of the missions have been running along in charge of chargés d'affaires. While the amount required for the increased compensation of these secretaries who act as chargé d'affaires has exceeded, or will exceed the appropriation made for the fiscal year, a great deal larger sum will be saved in the salaries of ambassadors and ministers who have not been functioning during that time.

The CHAIRMAN. Can you take it out of that appropriation?

Mr. CARR. No, sir. This appropriation, by reason of the increased draft upon it, will be exceeded, whereas the appropriation for the salaries of ambassadors and ministers will show a saving very much larger than the entire amount of this appropriation and the deficiency, we estimate. In fact, we expect to save in the appropriation for salaries of ambassadors and ministers, by reason of nonappointment, or, rather, delay in the appointment of ambassadors and ministers, a sum almost large enough to cover the entire deficiency appropriation we ask in all these items. This is one of the things that take place by operation of law. If you leave a secretary in charge of a mission by operation of law he is entitled to the amount of compensation that the statute fixes, and the amount becomes an obligation of the Government.

The CHAIRMAN. That is the cause of this request for $8,000 additional?

Mr. CARR. Yes, sir.

SECRETARIES IN THE DIPLOMATIC SERVICE.

The CHAIRMAN. What about the estimate of $729.16 deficiency for the fiscal year 1917 in the appropriation for salaries of secretaries in the Diplomatic Service?

Mr. CARR. That arose in this way: Mr. Joseph Grew, secretary to the embassy in Berlin in 1916–17, drew a draft for his salary for the quarter ending December 31, 1916, amounting to $729.16. The original of that draft was cashed by the Deutsche Bank in Berlin. At that time, owing to difficulty in communication between Germany and the United States, the bank was sending over to the embassy drafts which it cashed for the members of the embassy, and the embassy in turn was sending them back here to the Treasury for collection. In some way, we do not know how, the original of this particular draft was lost and not presented to the Treasury for payment. Meanwhile the appropriation lapsed. Therefore, that amount is due and payable. We turned back that year $27,000 of that appropriation, so that this estimate is merely a request for a reappropriation of a lapsed amount to enable the department to pay that lost draft.

SALARIES OF DIPLOMATIC AND CONSULAR OFFICERS WHILE RECEIVING INSTRUCTIONS AND IN TRANSIT.

The CHAIRMAN. For salaries of diplomatic and consular officers while receiving instructions and in transit, you ask $25,000.

Mr. CARR. Section 1740 of the Revised Statutes provides that diplomatic and consular officers shall be paid their salaries for the time occupied in receiving instruction, not in excess of 30 days, and in making direct transits between their places of residence and their posts of duty at the commencement and termination of their periods of official service. That charge against the Government arises whenever a new ambassador, minister, or consul is appointed and receives his instructions. Now, you are aware of the fact that a very large number of ambassadors and ministers have been changed since the 4th of March. The new ones have had to have instructions, and the old ones have had to have their salaries paid while they were in transit home, so that it makes an unusual draft upon this appropriation. That is an expenditure which can only be prevented by not changing ambassadors, ministers, and consuls.

The CHAIRMAN. That occurs every four years, or every time the administration changes?

Mr. CARR. Unfortunately, it has a habit of occuring about that time frequently.

The CHAIRMAN. How do you figure that $25,000 is the exact amount needed for this purpose?

Mr. CARR. The appropriation is $65,000, and on December 31, we had expended or obligated $45,000 of it, or $12,500 more than one-half of the appropriation, and judging from the number of additional payments we will have to make during the remainder of the second half of the year, we estimate roughly that we will need $25,000 additional. Of course, you understand that we can not expend it except as it is obligated in accordance with section 1740 of the Revised Statutes, and the amount to be expended depends upon the salary of the officer appointed, the length of time he receives instructions, not in excess of 30 days, and the period of time which he takes to go from the United States to his post of duty, and also to the length of time his predecessor takes in coming from his post to the United States. Therefore, it must be a rough estimate; and we can not compute it to the dollar.

The CHAIRMAN. You are sure you put enough in there to cover it?

Mr. CARR. I think $25,000 ought to cover it fully.

The CHAIRMAN. It will how much more than cover it?

Mr. CARR. I really do not think it will more than cover it, but I believe it will fully cover it. That is as nearly as we can figure it, and our estimate is based upon the probable number of officers to be appointed, the length of their respective journeys, and periods of instructions.

CONTINGENT EXPENSES FOREIGN MISSIONS.

CREDIT IN ACCOUNTS OF BOAZ W. LONG.

The CHAIRMAN. For contingent expenses of foreign missions, yo have an estimate of $2,819.50. You ask that the general accountin officers be authorized to credit Boaz W. Long in the settlement o.

his accounts as American minister to Salvador the sum of $2,819.50. This is a case where the Government bought furniture from this man, who left the service?

Mr. CARR. Yes, sir. Mr. Boaz Long was the minister to Salvador, having been appointed in July, 1914. The legation was in a rented building partly furnished by Mr. Long. The legation and its contents were destroyed by earthquake in June, 1917, and a new legation was begun with an appropriation made by Congress. Furniture was needed, and Mr. Long purchased certain articles that were necessary in the furnishing of the legation, and shipped them down there. Then he was transferred to Cuba.

Meanwhile the new legation was completed, costing a little more money than we anticipated it would. We did not have left in the appropriation as much money for furnishing the legation as we needed, and, desiring to make use of the furniture which Mr. Long had already had shipped down there, which in the opinion of the department was necessary for the legation, we purchased it out of the contingent fund for the Diplomatic Service. The account was recently examined by the comptroller, and the comptroller held that while the purchases would have been lawful if made from the appropriation for the building, since that appropriation stipulated that part of it was to be spent for furniture we could not go into the contingent fund and use any of it for purchasing furniture for the legation building at that time, and he disallowed the amount on that point. The money has been paid, and was paid in perfectly good faith by the department. The department was not aware that the contingent fund which is ordinarily expended for furniture could not so be utilized in that instance. It thought it was doing a perfectly legitimate thing; the furniture was needed, the purchase avoided buying furniture in the United States and shipping it to Salvador, and altogether seemed the wise thing to do. Now that the Government has had the use of the furniture, the department hopes that you may be able to authorize the accounting officers to cancel this amount on the books of the Treasury.

The CHAIRMAN. You could not have paid it out of the building fund?

Mr. CARR. We could not have paid this amount out of the building fund, because we had obligated too much of the building fund.

The CHAIRMAN. If you had had the money in that fund, you could have purchased the furniture out of it?

Mr. CARR. Yes, sir. The building fund authorized us to erect a building and also to furnish it, not in excess of $10,000. We spent $46,000 for the building and little over $3,000 for furniture.

The CHAIRMAN. That was in 1920?

Mr. CARR. Yes, sir.

TRANSPORTATION OF DIPLOMATIC AND CONSULAR OFFICERS.

The CHAIRMAN. For the transportation of diplomatic and consular officers you have a deficiency estimate for 1920 of $10,336.69 and for 1922 of $70,000. Tell us about the deficiency for 1920.

Mr. CARR. For 1920 Congress gave us the total sum of $271,739 for the transportation of diplomatic and consular officers. As I have explained several times before, the operation of the regulations which

Congress authorized the Secretary of State to prescribe was in the early days of their existence an experiment, and we were never able to exactly estimate the amount of money that we would require. As you can well understand, there are a number of contingencies that arise in connection with the transportation of diplomatic and consular officers that it is impossible to foresee. The Comptroller of the Treasury has certified settlements of claims under the travel regulations amounting to $10,336.69. I have a list of those claims, which I can put in the record if you care to have it.

The CHAIRMAN. I wish you would do that.

Claims of diplomatic and consular officers for transportation certified by the General Accounting Office which have not been paid because the appropriation is exhausted.

Name.	Certificate number.	Transportation of diplomatic and consular officers, 1920.
War Department	8425	$110.00
Do	8688	110.00
Do	8877	110.00
S. S. Dickson	27437	594.38
Claude R. Michels	27488	350.00
Howard K. Traverse	27495	175.83
Frank C. Lee	27548	49.67
Garcia D. Ingalls	27584	103.13
A. W. Treat	27625	184.15
R. L. Keiser	276[illegible]8	360.99
Harry L. Walsh	27663	5.67
Wm. W. Andrews	27667	369.61
Hooker A. Doolittle	27684	117.95
Charles K. Moser	27687	204.84
James Armstrong	27707	65.55
M. K. Moorhead	27708	110.52
Robert Skinner	27722	577.90
John J. Meily	27770	204.89
Brand Whitlock	27801	73.99
Hallet Johnson	27821	788.14
Louis G. Dreyfus, jr	27886	613.57
Richard Crane	27912	406.04
Perry Belden	27914	313.30
John P. Hurley	27962	1,117.42
John M. Savage	27985	64.61
C. Inness Brown	27989	525.13
H. C. von Struve	28003	275.05
Carl R. Loop	28007	494.99
John C. Wiley	28011	116.70
David B. Macgowan	28030	140.87
Henry D. Baker	28073	54.88
W. W. Brunswick	28088	151.30
Edwin L. Neville	28125	176.25
E. B. Cipriani	28144	2.79
Lewis V. Boyle	28177	264.83
Robert S. S. Bergh	28212	337.30
Lester Maynard	28262	600.64
Alfred R. Thomson	28277	48.56
Edwin H. Long	28282	7.88
Milton B. Kirk	28324	127.92
Wm. P. George	28337	25.19
Maurice C. Pierce	28360	146.00
John G. Erhardt	28363	58.26
		10,336.69

JANUARY 10, 1922.

Mr. CARR. That is the explanation of the 1920 deficiency. The explanation of the 1922 amount is that we have an appropriation of $300,000 for transportation, which we allotted between the two branches of the service, $175,000 for the Consular Service and

$125,000 to the Diplomatic Service. We hope by careful management to get through the year with $175,000 for the Consular Service, unless something should occur by way of death or illness, or other unforeseen emergency which would make it necessary to send an unusual number of officers to fill special needs, thereby increasing the travel expense. In the Diplomatic Service, however, there has been a very unusual number of changes which has necessitated the payment of travel expense of retiring diplomatic officers and the travel expense of newly appointed diplomatic officers. We had available in that fund in December only about $23,000, which, of course, is entirely insufficient to pay for the transportation expense for the rest of this year.

The CHAIRMAN. How does that expense continue to grow so largely every year?

Mr. CARR. They grow in this way: Up until 1918, Congress provided only 5 cents per mile for travel expense. Our total appropriations up to that time were $125,000, and we had 1,600 people entitled to draw on the fund for travel. Congress raised the allowance to 10 cents per mile, and the appropriation was increased to $188,000, all told. In 1920 Congress provided for the actual expense of transportation, of subsistence, the transportation of effects, and included the families of officers traveling under such regulations as the Secretary of State might prescribe. The Secretary of State prescribed regulations, but, as is easily apparent to the committee, we could not foresee exactly how they would operate. In 1920 we spent $242,000 and in 1921 we spent $275,000. Then, in 1922 there came on this large number of changes in the Diplomatic Service because of the change of administration, and, also, in the Consular Service because of moving consuls into the Central Power countries in which we had not had consuls.

The CHAIRMAN. The only place you did not have consuls was in Germany.

Mr. CARR. Germany, Austria, Hungary, and a part of Turkey. Of course, each change there meant other changes to fill the places from which we had taken men to go into the Central Powers countries, so that we have had a very unusual year. Next year $300,000 ought to be ample. Furthermore, we are now inquiring into the operation of the regulations to see whether or not they are not more generous in some regards than they ought to be. We have taken them up for consideration with a view to slightly modifying them.

The CHAIRMAN. In other words, you are allowing these people more than they ought to have?

Mr. CARR. For some of the lower-grade officers we think that perhaps the maximum payable under the regulations is too high, and we propose to cut it down.

The CHAIRMAN. Do you limit the number of people in any one family who can travel under these regulations?

Mr. CARR. We limit them by degrees of relationship—that is, to the husband, wife, and dependent children.

The CHAIRMAN. Do you provide for servants also?

Mr. CARR. No, sir; we do not. We also limit the amount for subsistence to the amount which is generally recognized by law, not in excess of $5 per day. It is the actual subsistence, however, and not a

per diem allowance. We carefully regulate the amount of railroad accommodations, the kind of steamship accommodations, etc.

The CHAIRMAN. How do you reach this amount of $70,000 that you estimate you need?

Mr. CARR. We reach that in this way: That estimate was made up upon the basis of what had been spent, and the amount specified is that which at the rate of expenditure during the first half of the year is necessary to buy the estimated transportation and subsistence necessary to fill certain vacancies that still exist or that we know will be filled. This again is an approximate estimate as to all those things. We can not tell, for instance, whether an ambassador or minister will ask to transport the full amount of baggage or half the amount, and we can not tell exactly the amount of the cost of the steamer passage. We can only estimate that on the basis of the cost of transportation previously.

The CHAIRMAN. You can not tell the number of people you must provide for?

Mr. CARR. No, sir; we do know that unless we get this money the newly appointed and retiring diplomatic officers will have to travel at their own expense.

BRINGING HOME CRIMINALS.

The CHAIRMAN. You have an estimate of $3,000 for bringing home from foreign countries persons charged with crimes.

Mr. CARR. Section 5275 of the Revised Statutes and section 5546 of the Revised Statutes make it obligatory upon the Secretary of State to bring home criminals for trial or confinement. Section 5546 provides that all persons who have been, or who may hereafter be, convicted of crime by any court of the United States, including a consular court, in a country where at the time of conviction or during the term of imprisonment, there is no penitentiary suitable for the confinement of convicts or available therefor, shall be confined during the term for which they have been or may be sentenced, or during the residue of such term, in some suitable jail or penitentiary in a convenient State or Territory, to be designated by the Attorney General, and that they shall be transported by properly qualified agents and the transportation paid from the appropriation for bringing home criminals.

Section 5275 of the Revised Statutes provides—

Whenever any person is delivered by any foreign Government to an agent of the United States for the purpose of being brought within the United States and tried for any crime of which he is duly accused, the President shall have power to take all necessary measures for the transportation and safekeeping of such accused person and for his security against lawless violence until the conclusion of his trial for the crimes or offenses specified in the warrant of extradition, and until his final discharge from custody or imprisonment for or on account of such crimes or offenses, and for a reasonable time thereafter, and may employ such portion of the land or naval forces of the United States or of the militia thereof as may be necessary for the safekeeping and protection of the accused.

The CHAIRMAN. What extraordinary condition has arisen that requires this appropriation of $3,000?

Mr. CARR. The extraordinary condition is this, that for years Congress has appropriated $5,000 for this purpose.

The CHAIRMAN. How much did you use?

Mr. CARR. For a good many years we used only a small part of it. Cases arose which made it necessary to disburse only a few hundred dollars. Last year Congress concluded to be economical and cut that appropriation from $5,000 to $2,000.

The CHAIRMAN. There is more need for economy now than there was then.

Mr. CARR. I realize that, but, on the other hand, we have had an unusual year. We had to bring home a mutinous crew from Trieste. We do not know what we will have for the rest of the year, but we know we shall have to bring back one man from Egypt.

The CHAIRMAN. How much unexpended balance is there in that fund?

Mr. CARR. Only about $800.

The CHAIRMAN. Did the mutinous crew come from one of our ships? Was it one of our ships on which they mutinied?

Mr. CARR. Yes, sir; it was a Government transport.

The CHAIRMAN. It would seem as though they should have brought the crew home on that ship.

Mr. CARR. The transport was bound to Hamburg for the purpose of bringing back a large number of our soldiers. Inasmuch as it was not coming direct to the United States, the commanding officer did not feel that he could manage the mutinying sailors and his own crew besides. As it was, the vessel had a hard time getting home.

The CHAIRMAN. You have had only those two cases?

Mr. CARR. Yes, sir; but we have a man sentenced to 20 years' imprisonment in Egypt who must be brought home as soon as we can get the money to do it. The balance in our appropriation will hardly cover the cost. How many other cases we may have this year we do not know.

The CHAIRMAN. You only want to get the $5,000?

Mr. CARR. We want to have enough to defray the expenses of any cases that may arise. Of course, it may be that no cases at all will arise.

The CHAIRMAN. We do not want to appropriate the money unless we have some reason for doing so, because we have got to cut $250,000,000 out of these estimates in some way. That is the job we have before us.

Mr. CARR. As you understand, we have no desire whatsoever to ask for something we do not need, and, in fact, we can not spend any of this money unless cases requiring expenditures arise. If we do not have money when criminals need to be brought home, then we are placed in an awkward situation, because it is a matter of very considerable importance to get mutinous crews out of foreign ports or to get criminals out of foreign countries. In the case of the mutinous crew in Trieste, the consul was directed by the local authorities to send the crew out of the country. If the incident were to occur to-day, our appropriation would not permit compliance with the demand of the local authorities and we should have an unfortunate diplomatic controversy on our hands and perhaps the foundation of an international claim.

The CHAIRMAN. How much of the appropriation has been expended?

Mr. CARR $1,200. We have $800 remaining, not enough to bring home the prisoner from Egypt.

PAYMENT TO THE GOVERNMENT OF COLOMBIA.

The CHAIRMAN. The next item is $5,000,000 to be paid to the Government of Colombia. Can you tell us why we are called upon to pay this $5,000,000—not merely because we have a treaty—but why should we be called upon to pay it?

Mr. CARR. Article 2 of the treaty——

The CHAIRMAN (interposing). We know about the treaty, but what is the purpose of it and why should we pay it? Why do we have a treaty that requires us to pay it? I think we ought to know why we should pay this amount before we pay it. I think the people are entitled to know why they are called upon to pay this money, and I have never yet found anybody who seemed to know that, but we ought to know it.

Mr. CARR. As a matter of fact, I thought that had already been thoroughly thrashed out. A treaty was negotiated and was discussed in the Senate, and was finally ratified by the Senate.

The CHAIRMAN. That does not bind us to appropriate money without knowing why we are doing it. Personally, I feel that we should have information as to what led up to the treaty.

Mr. CARR. Precisely what information would you like to have? I can prepare and put in the hearing a history of the events leading up to the negotiation of the treaty.

The CHAIRMAN. For what particular reason did we agree to pay $25,000,000 to these people?

Mr. CARR. Mr. Root negotiated one treaty with Colombia, and Mr. Knox endeavored to negotiate another. Finally, during Mr. Wilson's administration, the treaty now under consideration was negotiated and submitted to the Senate, where it remained for a long time; it was amended there and was finally adopted by the Senate. If it would satisfy the purposes of the committee I will put in the hearings a statement from the department's records reciting the facts.

The CHAIRMAN. That is not it, at all. What we want to know is why we did it. We want to know the underlying motive for paying this $25,000,000.

Mr. CARR. The underlying motive was to restore friendly relations with Colombia, which were disturbed by the fact that we recognized the Panama Republic and constructed a canal across the Isthmus, and to obtain the recognition of Panama by Colombia.

The CHAIRMAN. When was this treaty ratified?

Mr. CARR. It was ratified on April 20, 1921, by our Senate. Colombia ratified it on December 22, 1921. Our ratifications were sent to Colombia to be exchanged in January, but they have not yet been exchanged.

The CHAIRMAN. Then, why do you want this appropriation carried in a deficiency bill?

Mr. CARR. The department feels that immediately on the exchange of ratifications we ought to be able to pay over the money.

The CHAIRMAN. The treaty provides that it shall not be paid for six months after ratification.

Mr. CARR. Actually, it requires that the payment shall be made within six months from the date of the exchange of ratifications, which period would run until——

The CHAIRMAN (interposing). Until after the 1st of July.

Mr. CARR (continuing). About a month after the 1st of July.

The CHAIRMAN. Then, why should not this money be carried in the regular appropriation bill? It is not a deficiency.

Mr. CARR. It is not a deficiency in one sense; it is really an additional appropriation, I suppose.

The CHAIRMAN. Then it ought not to be in this bill if it is not a deficiency.

Mr. CARR. That point was fully discussed before making this estimate, whether or not it should be kept out of this bill and put in the regular bill and be made immediately available, or whether it should be put in the regular bill and charged against the next fiscal year.

The CHAIRMAN. That is where it ought to be.

Mr. CARR. And the decision was made by the department that it ought to be in this bill, because we ought not to be put in the position of delaying a payment of this kind.

The CHAIRMAN. You would not be tardy if it is not due until after the 1st of July, and all of these bills will be passed before that time.

Mr. CARR. The feeling of the department was that it ought to be put in this bill and ought to be available as soon as possible after the exchange of ratifications.

The CHAIRMAN. Do you mean to say that these people are so hard up that they should have the money long in advance of the time specified?

Mr. CARR. It is not that; but it is the advantage that the United States would gain by making prompt payment that influences the department to make this request. It would be unfortunate to have it appear that after the long controversy over the treaty there should be any delay about making the first payment under that treaty.

Mr. BYRNS. There is no possibility that it will be needed before July 1.

Mr. CARR. The entire period would not expire before July 1, it is true.

Mr. BYRNS. You do not have to pay anything until the period has expired.

The CHAIRMAN. The language of the item provides that it is not due until six months after the ratification of the treaty.

Mr. CARR. The language of Article II of the treaty provides that the first payment shall be made within six months after ratification.

The CHAIRMAN. And the language carried in this request provides that it is not due until six months after the ratifications have been exchanged, and all of the regular bills will be passed long before the 1st of July. They are being passed every day, and every bill will pass the House before the 1st of April. The bills are coming back from the Senate every day, so that there is no delay.

Mr. CARR. Well, of course, it is for the judgment of Congress, in which bill the item belongs. The department is only desirous of having the appropriation made and available as soon as possible after the ratifications of the treaty have been exchanged.

The CHAIRMAN. The schedule of this committee is that all bills carrying appropriations for 1923 shall be out of committee and in the

House on the 25th of March. Six of the bills have already passed, three of them have come back from the Senate, and four bills are practically ready for report to the House, and then we have two besides that.

Mr. BYRNS. It is a certainty that the whole State Department will have to shut down if the bill carrying its appropriations is not passed by the 1st of July.

The CHAIRMAN. I do not think it is a deficiency, but even if it is not a deficiency I want to know about it. I would not violate the confidence of the State Department, but as the responsible head of this committee I insist on knowing.

Mr. GALLIVAN. I suppose that means we shall all know.

The CHAIRMAN. I do not know about that.

Mr. GALLIVAN. I would not want to vote for an appropriation of $5,000,000 for anything of this sort without knowing what I am voting for. Not for the shadow of a moment do I put myself in the distinguished class of the chairman, but at the same time somebody might ask me why I voted $5,000,000 into this bill and I would like to be able to tell them.

The CHAIRMAN. You have the same rights as the chairman about it.

Mr. GALLIVAN. I suppose Congress has a right to know.

The CHAIRMAN. Surely; and that is why we are asking for it, but there have been cases where confidential information has been given to this committee and it has not been disclosed to the House.

Mr. GALLIVAN. That is all right and that is an altogether different proposition.

The CHAIRMAN. And the House has been willing to assume that the confidence should be kept. I do not think we ought to put it in this bill because it is not a deficiency. If there was any danger that the regular bill would not pass in time then, of course, there might be some reason why we should carry it in this deficiency bill, but there is no such danger.

Mr. CARR. There is really nothing to be said about this treaty and the reason for paying the $25,000,000 that was not said to the Senate at the time the treaty was under consideration there. It is well known that on January 22, 1903, the Secretary of State, Mr. Hay, and the Colombian minister, Mr. Herran, signed a treaty providing for the cession to the United States of territory on which to construct the Panama Canal. The treaty met with opposition in the Colombian Congress because the payment of $10,000,000 therein provided for was not deemed sufficient.

When the Colombian Congress adjourned without ratifying the treaty Panama revolted, declared her independence, which was recognized by the United States, and shortly thereafter the Hay-Bunau-Varilla treaty of 1903 was entered into, under which the construction of the Panama Canal was begun.

The separation of Panama from Colombia was followed by complaints by Colombia against the United States and by proposals for arbitration as to the interpretation of the treaty of 1846 concerning the rights of the Uinted States upon the Isthmus of Panama. These proposals were rejected by the United States.

After the revolution in Panama and the beginning of the construction of the canal President Roosevelt undertook negotiations to secure the recognition by Colombia of the independence of Panama,

which resulted in what are known as the tripartite treaties, comprising a treaty between the United States and Colombia, another between the United States and Panama, and one between Panama and Colombia, under which it was agreed that Panama would assign to Colombia 10 of the annual installments of $250,000 which the United States had agreed to pay to Panama for the privilege of constructing the canal. Colombia was also accorded certain privileges, such as free canal passage and the same treatment of her products entering the Canal Zone as was accorded American products. Colombia, on the other hand, agreed to recognize the independence of Panama, release Panama from obligations to pay any part of the external or internal debt of Colombia. The United States ratified the treaties, but they met with such opposition in Colombia that they were not even sent to the Colombian Senate for ratification.

Colombia then made other proposals, which were not accepted. In 1912 President Taft authorized the American Minister to Colombia to sound the Colombian Government with a view to the negotiation of another treaty, but nothing was accomplished.

After Mr. Wilson became President negotiations were renewed, with the result that on April 6, 1914, a treaty was signed agreeing to pay Colombia $25,000,000 and grant certain other concessions in return for her recognition of Panama and her boundaries, the title of the United States to the Panama Canal and the Panama Railway, and to adjust the question of pecuniary liability between Colombia and Panama. The United States also agreed to use its good offices in bringing about a treaty of friendship between Colombia and Panama and the establishment of diplomatic relations.

The treaty was submitted to the Senate and finally ratified in 1921. The ratifications were sent to Colombia in January, 1922, and are likely to be exchanged within a few weeks.

Under the terms of the treaty, Article II, $5,000,000 of the $25,000,000 must be paid within six months after the exchange of ratifications and the remainder in four annual installments of $5,000,000 each.

There is not the least question of the liability of this Government to pay these amounts. The payment is pledged by the United States in the treaty signed by its accredited representative and ratified by the Senate in the manner prescribed by the Constitution, and is therefore the law of the land. Treaties so entered into have always been considered valid by this Government and Congress has never failed to vote the necessary appropriation. By this treaty the United States gains the recognition of Colombia to its absolute title to the Panama Canal and the Panama Railway without any encumbrances or indemnities whatsoever. The failure to appropriate the amount which the United States in a strictly constitutional manner has solemnly pledged itself to pay would constitute a breach of faith from the effects of which it would take years to recover, destroy the confidence of the Latin Americans in this Government which it has taken years to build up, and seriously impair the standing of the Government in other parts of the world.

The payment and execution of the treaty is not only a legal obligation upon this Government but it is a moral duty to Panama. It will be remembered that in the treaty of November 18, 1903, with Panama it is stated that the United States guarantees and will main-

tain the independence of the Republic of Panama. In discussing this in the Senate in connection with the ratification of the Colombian treaty Senator Lodge called attention to the fact that President Roosevelt and Mr. Root were in agreement that under our guaranty of the independence of Panama there were two things which ought to be brought about, one being the settlement of Panama's share of the public debt of Colombia and the other a recognition of the independence of Panama by Colombia which would free the title of Panama from cloud. Senator Lodge stated that the principle, the policy, and the importance of reaching some settlement with Colombia were conceded, and that the only way to secure the desired result was by a money payment.

But besides these considerations, there are our relations with Latin America which deserve attention. All Latin America sympathizes with Colombia in her loss of a share in the benefits of the canal, and the settlement of the difference with Colombia has been of great benefit in restoring confidence in the good faith of the United States throughout the Latin American Republics.

Then there is the importance of our trade between the United States and South America which for the calendar year 1921 amounted to $568,944,479 while that with Colombia alone amounted to $61,710,867. Economic conditions following the war have greatly interfered with American trade with Europe. There is strong competition for trade in China and the Far East. The natural field in which the United States should expect to expand its trade is in Latin America. Many opportunities exist there for the investment of capital and the development of commercial and industrial enterprises, but these opportunities will be available largely in proportion to the ability which the United States shows to win and retain the good will and confidence of the governments and peoples of Latin America. The adoption of the treaty with Colombia and the prompt fulfillment of its obligations with the consequent restoration of good feeling between the two countries will be of great advantage to American commerce and enterprise in Colombia, and indirectly will have a favorable effect upon American activities throughout Latin America.

Besides the reasons for the payment of the whole amount stipulated there are practical reasons why the first payment of $5,000,000 should be made as soon as ratifications have been exchanged. The controversy with Colombia has continued for 18 years and now it has been agreed to settle it. There will be a material effect upon the Latin American mind whether the payment be made promptly upon the exchange of ratifications of the treaty or whether it be delayed until the end of the six months' period and thus convey the impression that it is made reluctantly. One of the principal reasons which induced the United States to make the treaty and agree to make the payment was the desire to maintain its prestige and promote confidence in it on the part of the Latin American countries and Colombia in particular. Delay in the payment of the amount when it falls due will almost certainly deprive us of some of the good effects of the payment. Therefore, since the payment is to be made, it would seem to be a mistake to fail to gain all the beneficial effects of making it.

Furthermore, the United States is the greatest nation on this hemisphere, the model of the other American Republics. It is the nation in the world to-day suffering least from the effects of the war and from economic and financial distress. Is it not beneath its dignity to delay the payment of an amount solemnly agreed to? The difference between payment as soon as ratifications are exchanged and delay until the six months' period shall have elapsed will mean little to this Government so far as convenience is concerned, but it will have a very material effect upon its interests abroad.

PURCHASE OF EMBASSY BUILDING AND GROUNDS AT SANTIAGO, CHILE.

The CHAIRMAN. The next item is for the purchase of an embassy building and grounds at Santiago, Chile, and for making necessary minor repairs and alterations in the building to put it in proper condition, and you are asking a deficiency appropriation of $20,000. Is that a real deficiency?

Mr. CARR. That is not a deficiency; that, in reality, is an additional appropriation, Mr. Chairman.

The CHAIRMAN. How much money was appropriated for this purpose?

Mr. CARR. $130,000 was appropriated.

The CHAIRMAN. Is this work in progress now?

Mr. CARR. If you will allow me to tell you the story it is this: Congress passed an act on February 17, 1911, authorizing the Secretary of State to acquire such sites and buildings as might be appropriated for by Congress at a cost of not more than $150,000 at any one place for use as embassy, legation, or consular buildings. On August 5, 1919, the department had a house in view, which was then occupied by the American ambassador in Chile, and asked Congress to appropriate $130,000, the amount for which it could get the building, according to the option which it had. Congress did not make the appropriation, however, until June 4, 1920, almost a year later, and before the appropriation became available the option expired, and the house was sold to some one else at a considerably increased figure. That property was then improved by that person and a very much higher price set upon it. Meanwhile the department took up the question of getting a building for the $130,000. It canvassed the whole city of Santiago. All of the buildings that were available and that by any means would be suitable for our purposes cost a great deal more money than $130,000. The prices ran all the way from $150,000 up to $250,000, or thereabouts. Finally a house, known as the Bruna house, was found for sale. The amount they wanted for it was about $225,000. The owner of the house became financially embarrassed and began to reduce his price; he kept on reducing it until he got it down to $165,000 and ultimately $150,000, the price varying with the falling of exchange in favor of the United States. The ambassador, acting under the general authority of the department, finally got the owner of this house to sell it to the Government, that is, to sell the house and a part of the lot on which it was situated to the Government for $130,000, on the promise that the department would lay before Congress a proposition for the purchase of the remainder of the lot and the removal of a nuisance, an old, unsightly shanty which affects

the value of the property, at $10,000, and take the house in its incomplete condition. It will cost about $4,000 to complete and $6,000 to buy fixtures for the house, that is, certain plumbing, gas fixtures, lighting fixtures, and so on. They do not go with the house in Chile; they are furnitured there; here they would go with the house but there they do not. So we have a purchase in process, about to be completed, to take that house for $130,000, and what were are asking Congress for is to give us enough to buy the rest of the lot, remove the nuisance thereon, buy the fixtures, and complete the house. The total amount needed is $20,000.

The CHAIRMAN. Is this house in an uncompleted condition?

Mr. CARR. It is just about completed; it had never been occupied; it is a new house, and the house has a value, Mr. Chairman, according to the bankers down there and according to the present exchange, ranging all the way from $300,000 to $400,000. The Chilean ambassador told me the other evening—I was talking to him about it, and he was congratulating this Government on getting the property—that the property is easily worth three times what we pay for it. He said it is as good a house as there is in all Santiago.

The CHAIRMAN. We do not need the other lot, do we?

Mr. CARR. Yes; we need the other lot in this way: If it be left in other hands, the sightliness and value of our own property will be greatly impaired, and it offers a chance for somebody else to build there and injure our own property.

The CHAIRMAN. How much ground have you?

Mr. CARR. The ground is about 1 acre.

The CHAIRMAN. How much ground is under the house?

Mr. CARR. I do not know that I can tell you that exactly.

The CHAIRMAN. According to your statement, if we give you $4,000 you can complete the house.

Mr. CARR. We could complete the house, but not purchase the remainder of the lot or the fixtures, such as lights, bathtubs, washstands. It would be unfortunate if we should not take the remainder of the lot.

Mr. BYRNS. What is the size of that lot?

Mr. CARR. The lot contains 40,000 square feet; it is about an acre.

Mr. BYRNS. That is the entire lot?

The CHAIRMAN. No; that is the additional lot.

Mr. CARR. No; this is the entire lot.

Mr. BYRNS. I was speaking with reference to the amount you want to purchase.

Mr. CARR. This is a plan of the lot. That is the house, this is the little garden back here, these are the servants' quarters, the garage, and over here in this corner is this old shanty, etc. [indicating on map]. Not to buy that, according to our ambassador's statement, would be very detrimental to that property in several ways; that is to say, it would spoil the looks of the property we have bought and give somebody a chance to build on the remainder of the lot. You do not need to be told how important it is to protect the property of that kind by preventing the erection or creation of nuisances near it.

The CHAIRMAN. That is the front of the property there [indicating]?

Mr. CARR. No; this is the front of the property: the entrance is here [indicating]. These are photographs of the building.

The CHAIRMAN. It is a palatial place.

Mr. CARR. It is the best house for the money that we own anywhere. It is new, it is very substantially built, and it ought to require no repairs for a long time to come in view of the character of the construction. It is in the center of the town; it is near the square, where the principal tram lines come; it is located on the principal park of the city, and it is the best building I have ever seen for the money for an embassy building. So the department feels very strongly that we ought to protect it while that is possible by buying the remainder of the lot. Another thing in connection with it, Mr. Chairman, is that, with the beginning of the occupancy of this place, we save $9,000 a year on rent, that is to say, we can accommodate not only our own staff and the ambassador's residence, but also the commercial attaché, the military attaché, and the naval attaché, all of whom are paying rent in other quarters, so that the amount of rent we now pay is 6 per cent on that investment. That will be saved. Moreover, if the remainder of the lot is not purchased it will destroy the garden, which you see in the rear of the house.

The CHAIRMAN. Do you have to pay taxes?

Mr. CARR. I imagine not, because it is not customary to pay taxes on legation property.

The CHAIRMAN. It is United States territory?

Mr. CARR. Exactly. So we very much hope you can see your way clear to give us this additional amount of money—$20,000—to complete the building, and purchase the remainder of the lot so as to have the proper surroundings. The Guggenheim representative, in Chile, advised the ambassador to buy the property by all means, and stated that, when the exchange rises as it ultimately will sometime, the property can easily be sold for at least twice the amount we pay for it. The peso has a normal value of 25 cents, and at the time we made this purchase the value was less than 10.

The CHAIRMAN. It looks to me as though that is a very cheap piece of property.

Mr. CARR. It is very cheap and it is a very good bargain.

RELIEF AND PROTECTION OF SEAMEN.

The CHAIRMAN. The next item is for the relief and protection of American seamen in foreign countries and in the Panama Canal Zone, and shipwrecked American seamen in the Territory of Alaska, in the Hawaiian Islands, Porto Rico, and the Philippine Islands, fiscal year 1920, $13,198.73. How does it happen you have a 1920 item coming in at this time?

Mr. CARR. There are many accounts in regard to the relief of seamen that are often late in coming in. For instance, the collectors of customs out in the Philippines relieve a great many seamen and the bills come in late. Then all these cases are settlements by the Comptroller General; they are not new accounts, but they are old accounts which he has just settled and has certified this amount as due.

The CHAIRMAN. They are in the nature of claims, are they?

Mr. CARR. Yes. You see, section 4577 of the Revised Statutes makes it obligatory upon consuls to send destitute seamen home, and under another law that same provision is applied to collectors of customs in the Philippines, also in Alaska, Hawaii, and Panama. Destitute seamen have to be relieved and sent home; these accounts have been received, have been examined, and have been found to be lawful under these statutes.

The Comptroller General certifies this amount as due from the Government in the payment of these accounts under the statute. It is a matter over which we have no control, except to use as good business judgment as possible in keeping the expense as low as it may be, but we have to carry on the relief work under the law.

The CHAIRMAN. All of these items have been properly examined and certified?

Mr. CARR. Yes, sir.

CONTINGENT EXPENSES, UNITED STATES CONSULATES.

The CHAIRMAN. On page 103 there is the item, "Contingent expenses, United States consulates." That is a 1918 and 1919 item?

Mr. CARR. Yes, sir. That is for the purpose, Mr. Chairman, of paying the rent of the consular office in Moscow, Russia. We had a verbal lease for the office in Moscow at the rate of $700. The rent was paid for the quarters ending March 31, 1918, and September 30, 1919. It was not paid, however, for the quarter ending June 30, 1918, probably because our consul general suddenly died and things were in a very much disturbed condition. Mr. Poole, who succeeded to the post of consul general, was ordered to remove from Moscaw on account of the revolution and to go up to Archangel and take carge of the embassy there. He left the Government property in this building, where it still is, to the best of my information, and the owner of that property has now requested us to pay the rent. Meanwhile the appropriation had gone back into the Treasury—$19,000 we turned back as the unexpended balance of the appropriation for those years. This is in the nature of reappropriating enough of that to cover a just charge which at that time was not paid on account of the revolution.

EXPOSITION AT PANAMA.

The CHAIRMAN. The next item is:

For participation in an exposition to be held in the city of Panama, including the same objects specified under this head in the diplomatic and consular appropriation act for the fiscal year 1916, $312.23.

Is that a deficiency?

Mr. CARR. In a sense it is a deficiency, and in a sense a bookkeeping transaction.

The CHAIRMAN. What year?

Mr. CARR. 1916. There is $312.23 outstanding in claims in excess of the appropriation. One of them is the claim of the Chicago, Rock Island & Pacific Railroad Co. for $95.47 for the transportation of exhibits. The remainder is made up of claims of the Panama Canal and the Panama Railroad Co. for supplies furnished. The only payment is that of $95.47, as we understand it. The appropriation of

this amount in this form will enable us to cancel on the books of the Treasury the indebtedness to the Panama Railroad and Panama Canal and the payment of $95.47 to the Chicago, Rock Island & Pacific Railroad Co. for the outstanding claim. Of course, you can perfectly well say that the commissioner and disbursing officer of the exposition ought not to have exceeded the appropriation, but it is probable that they did so through miscalculation; we do not know about that. We have not allowed anything in excess of the appropriation in our department. We merely submit this for your consideration, and express the opinion that we think it would be a good thing to get off of the department's books.

The CHAIRMAN. Do you think it is justified?

Mr. CARR. Yes, sir; I do. I think it is due the people who have bills outstanding in their favor, and I think the Chicago, Rock Island & Pacific Railroad Co. ought not to suffer a loss of $95 because an exposition commissioner contracted in excess of his appropriation.

The CHAIRMAN. Of course, he had no authority to make a contract?

Mr. CARR. The exposition commissioner?

The CHAIRMAN. Yes, sir.

Mr. CARR. No. I do not defend that for a moment. I think he should have stayed within his appropriation.

The CHAIRMAN. Of course, if we let things run along long enough, without bringing them in here for appropriation, no matter how illegitimate the expense may have been or how unjustifiable the excess expenditure over the appropriation, it becomes legitimate in time under the process of auditing.

Mr. CARR. This thing I do not claim to be legitimate. The only reason we submit it to Congress is for Congress to determine whether it does not feel in equity that the claim of the railroad company ought to be met, inasmuch as it was contracted in good faith by them. We have been unable to do anything else with it. Generally speaking, I do not believe in this kind of thing, but in a small amount of this sort, especially where most of it is a mere bookkeeping transaction between various branches of the Government, it seems to me——

Mr. GALLIVAN (interposing). Does this clean it all up?

Mr. CARR. Yes, sir; this cleans up the exposition. Our object is to clean up the books, which we are trying to do as rapidly as possible in our department.

INTERNATIONAL OBSERVATORY AT UKIAH.

The CHAIRMAN. We have another item before us:

The appropriation for the maintenance of the International Latitude Observatory at Ukiah, Calif., made in the deficiency appropriation act approved December 15, 1921, is hereby made available for the purposes therein described for the entire fiscal year beginning July 1, 1921.

Mr. CARR. You appropriated, as I understood——

The CHAIRMAN (interposing). I think we made it available until next December, if I recall.

Mr. CARR. No; my recollection was that you intended to appropriate the amount——

The CHAIRMAN (interposing). That was $2,000?

Mr. CARR. Yes. The amount we had the previous year, which is the maximum amount you have appropriated for one year. My understanding was that that was to date from the first of the fiscal year, to cover the expenses until the station was turned over. The comptroller decided, however, that inasmuch as you had not specifically stated in the appropriation that it was to date from the first of the fiscal year that he would not permit any bills incurred between the beginning of the fiscal year and the date of the appropriation to be paid out of it. I felt that his construction of the law was not according to the intent of Congress; but there was nothing to do but to ask you to make it specifically available for the entire fiscal year instead of from December 15, the date of the law.

The CHAIRMAN. I thought that we made that available not only for the balance of the fiscal year, but until the following December. I would not be sure; I do not remember the language.

Mr. CARR. I do not recall it in exactly that form, but there are some $697 worth of expenditures, they are all very small, incurred between July 1 and the date of the deficiency act.

The CHAIRMAN. Here is what we said:

For the maintenance of the International Latitude Observatory at Ukiah, Calif., and for the continuance of the work thereon until the station is turned over to the Geodetic and Geophysical Union, $2,000.

I thought that that would make the money payable clearly during the next fiscal year.

Mr. BYRNS. The entire fiscal year.

Mr. CARR. That makes it for a specific purpose instead of for a specific fiscal year.

Mr. BYRNS. That was not available until actually approved and hence the previous expenditures could not be paid.

ST. JOHN RIVER COMMISSION.

The CHAIRMAN. The next item is:

For the expenses of the St. John River Commission, including the same objects specified under this head in the diplomatic and consular appropriation act for the fiscal year 1907, $4,750.

What is the trouble now, Mr. Carr?

Mr. CARR. The trouble is this, Mr. Chairman. There were many difficulties which arose on the St. John River.

The CHAIRMAN. In the stream?

Mr. CARR. Yes, sir; in the stream. They arose out of the fact that the St. John River is the boundary between New Brunswick and Maine for a part of the way, and the inhabitants of the two countries were engaged largely in logging and other enterprises which caused disputes concerning the rights of the respective countries. This caused the British and United States Governments to agree upon a commission under Article III of the treaty of Washington of 1842, known as the Webster and Ashburton treaty, to investigate those difficulties and find out what they were and what could be done to get rid of them. So Congress in the appropriation act of July 16, 1906, appropriated $20,000, in the urgent deficiency act of February 25, 1910, a further $20,000, and in the deficiency act of 1911 an additional $15,000, making a total of $55,000 for the work of that commission.

The CHAIRMAN. The first appropriation was in 1906?

Mr. CARR. Yes, sir; 1906, 1910, and 1911. This Government appointed George A. Murchie, of Calais, Me., Peter C. Keegan, of Van Buren, Me., as commissioners, and O. F. Fellows, of Bangor, Me., as counsel. Some time before the completion of the work of the commission the department paid those commissioners and the counsel an honorarium of $5,000 out of the appropriation for their services.

The CHAIRMAN. $5,000 each?

Mr. CARR. Yes; $5,000 each, and made the stipulation that any further compensation would be determined upon the basis of the work done by them when their report was completed to be submitted to Congress. Their report was not completed and submitted until February 18, 1916, whereupon the commissioners claimed increased compensation in a very considerable amount. The administration at that time, the last administration, could not agree upon the amount and no payment was ever made. Finally, the matter rested until this administration came into power, and then they took up with this administration their claim for additional compensation and submitted further facts which were not before the last administration. Their claim was on the basis of $50 a day, and amounted in the whole to $40,425.

The CHAIRMAN. The full amount?

Mr. CARR. Of the compensation for commissioners and the counsel. The department on reviewing all the evidence reached the conclusion that the Government ought not to pay more than $25 a day, and reduced the amount it thought to be due to $25,287.50. It had already paid $5,000 honorarium.

Mr. GALLIVAN. Honorarium? The $5,000 was a salary?

Mr. CARR. It was not a salary; it was an amount——

The CHAIRMAN (interposing). A retainer.

Mr. GALLIVAN. Suppose we give it the real name.

Mr. CARR. When this decision was reached the department still had available five thousand and some dollars in the appropriation, and it paid over that $5,000 to them.

The CHAIRMAN. It had already paid them $20,000?

Mr. CARR. $20,288.59 is the exact amount which its payments aggregated, which was all the money but $249 remaining in the appropriation. It said to them that it would pay them that amount and then it would submit to Congress the question of paying the rest of the amount which it thought fair for their compensation.

The CHAIRMAN. $4,750?

Mr. CARR. Yes; $4,750.

The CHAIRMAN. There is no legal obligation to pay this, is there?

Mr. CARR. There is no legal obligation in the sense that a specific compensation was ever agreed upon or that Congress ever authorized a specific compensation, but unquestionably the department, when these men were employed for this work, gave them to understand that the honorarium which it paid, or retainer, as you choose to call it——

Mr. GALLIVAN. Retainer.

Mr. CARR. Must not be regarded as their full compensation. That appears very definitely in our correspondence with them, so that there is really a moral obligation to pay.

The CHAIRMAN. The compensation was to be agreed upon when the report was submitted?

Mr. CARR. Yes, sir. The report was submitted in February, 1916, and is printed in Senate Document No. 724, Sixty-fourth Congress, second session. In a sense these men have, I think, a valid claim.

The CHAIRMAN. You have agreed upon that amount, and to that extent, of course, there is an obligation?

Mr. CARR. Yes, sir.

The CHAIRMAN. And you have paid them all the money you had?

Mr. CARR. Yes, sir.

The CHAIRMAN. And have agreed to recommend consideration of the payment of the balance?

Mr. CARR. Yes, sir.

The CHAIRMAN. But you have not any agreement binding this payment?

Mr. CARR. No, sir. We have only the purpose to recommend to Congress what we thought would be fair compensation.

The CHAIRMAN. They understand that that is all the obligation that exists?

Mr. CARR. If you care to have it in the record I will give you the exact statement written them.

The CHAIRMAN. I wish you would.

Mr. GALLIVAN. Have they finished their work?

Mr. CARR. Yes, sir. As a matter of fact, they have finished their work and all but one of those men are dead. With the exception of one case the money would go to the estates.

The CHAIRMAN. The money is divided equally between them?

Mr. CARR. No; not equally between them, but the money is divided according to the total number of days which their records show they put in on this work. This statement is rather long, and I will put it in the record without reading.

The CHAIRMAN. Put it in the record, please.

Mr. CARR. Because it states the exact facts and principles upon which the department reached its decision about the $25,000.

(The statement referred to is as follows:)

As a result of a careful reexamination of the record in this case it has been ascertained that the department's computation of the number of days which the American members and counsel devoted to the work of the commission—upon which it based the proposal of settlement outlined in its letter to Senator Hale dated June 22, 1921—was made without giving consideration to an account rendered by Counsel Fellows for services performed prior to March 28, 1910.

The proposed settlement above mentioned was based on the number of days of service shown by the following statement:

Name.	Days prior to Mar. 28, 1910.	Days subsequent to Mar. 28, 1910.	Total days.
Commissioner Keegan	50	168	218
Commissioner Murchie	42	100	142
Commissioner Madigan	.....	169	169
Counsel Fellows	50	229.5	279.5

The figures shown for the period prior to March 28, 1910, were estimated in each case, the estimate being based upon the expense accounts furnished for

that period. Counsel Fellows's account for services prior to March 28, 1910, appears to have been unavailable when the department made its proposal of settlement, and none of the commissioners submitted accounts for services for the period in question. The figures for the period subsequent to March 28, 1910, however, were taken from the accounts for services furnished by the commissioners and counsel, except in the case of Commissioner Murchie, whose services were estimated on the basis of services performed by Commissioner Keegan during the same time.

Mr. Fellows's account for services prior to March 28, 1910, shows that he devoted 145 days to the work of the commission, or 95 days more than the department's estimate. The account also shows that the commissioners during the same period devoted 63 days to taking testimony, so that the department's estimate of 50 and 42 days, respectively, for Commissioners Keegan and Murchie was apparently too low. Neither Commissioner Keegan nor the representative of Commissioner Murchie has furnished an exact statement of the commissioners' services prior to March 28, 1910, and it is necessary, therefore, to estimate the period of their services. No very satisfactory basis for such estimate has been found, but the department believes that an allowance of 37 days in addition to the 63 days occupied in taking testimony, or a total of 100 days each for Commissioners Keegan and Murchie would be very generous, and it would be willing to recommend compensation for that time. The additional 37 days has been allowed as the time possibly devoted to the study of testimony and preparation for hearings.

On the basis above suggested the total number of days of service would be as follows:

Name.	Days prior to Mar. 28, 1910.	Days subsequent to Mar. 28, 1910.	Total days.
Commissioner Keegan	100	168	268
Commissioner Murchie	100	100	200
Commissioner Madigan	.....	169	169
Counsel Fellows	145	229.5	374.5

The above statement is believed to be a fair and generous allowance of time as a basis of compensation. It is considerably greater than the number of days for which the Canadian members of the commission received compensation, as is indicated by the following comparative table:

CANADIAN COMMISSIONERS.	Days.
Commissioner Barnhill	70
Commissioner Teed	127
Commissioner Keefe	172
Total	369

AMERICAN COMMISSIONERS.	Days.
Commissioner Keegan	268
Commissioner Murchie	200
Commissioner Madigan	169
Total	637

CANADIAN COUNSEL.	
Counsel Jones	275
Counsel Gregory	234
Counsel McKeown	8
Total	517

AMERICAN COUNSEL.	
Counsel Fellows	374.5

Regarding the rate of compensation, I beg to state that the department would not feel justified in recommending a per diem of $50 as requested by the petitioners. It regards such a sum as entirely out of proportion to payments usually made by this Government for services of such commissions and considers that it would be useless to ask Congress for an appropriation to pay such an amount. The department's previous proposal of settlement, above mentioned, was based on an annual compensation of about $7,500, which is greater than that paid to most commissioners, some of whom have devoted practically all of their time to their official duties. As an additional concession to the peti-

tioners, however, and in order to dispose finally of this matter, the department would be willing to recommend the payment of compensation at the rate of $25 per diem, which is approximately $9,000 per annum, for the time devoted to the work of the commission as shown by the revised table above set forth. The following statement shows the compensation to which each commissioner and counsel would be entitled on the basis above suggested:

Name.	Total days.	Total compensation.	Compensation paid.	Compensation due.
Commissioner Keegan	268	$6,700.00	$5,000.00	$1,700.00
Commissioner Murchie	200	5,000.00	5,000.00	.....
Commissioner Madigan	169	4,225.00	3,876.86	348.14
Counsel Fellows	374.5	9,362.50	6,411.73	2,950.77
Total	.....	.....	.....	4,998.91

As the several sums appropriated by Congress for the work of the commission have been expended, an additional appropriation must be obtained before any additional compensation can be paid to the petitioners. If the latter are willing to accept the amounts above indicated as payment in full for all services performed in connection with the work of the commission, the department would be willing to make appropriate recommendation to Congress with a view to obtaining the necessary funds.

The CHAIRMAN. It is a claim, is it not?

Mr. CARR. It might be called a claim in one sense; yes, sir.

Mr. GALLIVAN. Are their heirs asking for this money?

Mr. CARR. Oh, yes. We have had a great deal of correspondence about it which has come to the department mainly through the Senators from Maine, who have submitted it to the department and who have appeared at the department in favor of the matter on several occasions.

REIMBURSEMENT OF HUGH GIBSON, AMERICAN MINISTER TO POLAND.

The CHAIRMAN. The next item is, "For reimbursing Hugh Gibson, American minister to Poland, for loss of Government funds through robbery of the American Legation on December 13, 1920, $2,133.65." What justification is there for that; were they his funds or the Government's funds?

Mr. CARR. The Government's funds. They came into his possession in this way: On the night of December 13, 1920, the steel box in the embassy was broken open by somebody—they were never able to find out whom—and United States currency and local currency to the value of $2,133.65, all the property of the United States, was stolen. Practically all of the money had that day been drawn from the bank for the payment of outstanding telegraph bills.

The CHAIRMAN. Did they not pay them by check?

Mr. CARR. No; they were paid in cash for some local reason. You will understand that the conditions over in that part of the world at that time were very extraordinary.

The CHAIRMAN. That was in 1920?

Mr. CARR. Yes, sir.

The CHAIRMAN. They were not much different from what they are to-day?

Mr. CARR. I think they have improved a good deal over what they were then—the conditions are now more stable. After the money

was drawn why it was not possible to pay the bills that afternoon, so the money was put away in the steel box, which was hidden away. but the next morning the steel box was broken open and the money gone. Nothing that the embassy could do or that the Polish Government could do has ever revealed any trace of the person responsible for it. I have here Mr. Gibson's dispatch detailing all of the facts in connection with it.

The CHAIRMAN. There is not any evidence that it was stolen?

Mr. CARR. We have Mr. Gibson's statement.

The CHAIRMAN. That is not evidence; he did not see it stolen.

Mr. CARR. No. He found the box in the cellar, I believe, broken open.

The CHAIRMAN. Did he have charge of the box; did he put the money in the box himself in the first place? Does he state that?

Mr. CARR. He says:

Having no safe, I was obliged to keep the legation's cash and cipher codes as best I could. A small room on the second floor of the legation was chosen for this purpose because of its inaccessibility. The cash and codes were in small steel boxes purchased in Warsaw from the contingent fund. These locked boxes were placed in a large wooden cupboard, also locked. The one door to the room was locked. The only door at the end of the passageway was likewise locked. At the head of the stairway there was a locked door and at the foot of the stairs were three sets of doors, the only means of egress, and these were all locked every night. A servant, hired by me at my own expense, slept at the foot of the stairs in order to give an alarm of any danger and answer the door and telephone bells. I am unable to see what further steps I could have taken to insure the safety of this money, unless I had been afforded a legation guard of marines or troops. I did not feel that I could ask any of the commissioned members of the staff to stand guard during the night, though in times of general unrest we divided the cipher codes and kept them at our bedsides. The natural apprehension I felt for the cipher codes and Government funds was a distinct nervous strain that I should not like to ask other members of the staff to go through again.

On the morning of December 14, 1920, one of the legation servants came up from the furnace room with the legation's cash box broken open. Its contents had been taken and the box rather ineffectually hidden on top of the furnace. A hasty inquiry showed that $170, 4,000 French francs, and 850,000 Polish marks had been stolen, as well as the special passport of Corwin M. Doss (one of the legation clerks), and personal funds of the staff deposited for safekeeping.

The large sum in Polish marks had been drawn to pay the legation's telegraph bill for the previous quarter, the bills having just been received. The legation's accountant, Mr. Collom, had deferred payment until the following day because of his inability to get an interpreter to go with him to the telegraph office and arrange for the receipts in the form required for his accounting. But for this the bill would have been paid the previous day.

The codes and confidential files were equally exposed to the theft, but fortunately had not been touched.

Aside from the lock of the box, two doorlocks had been forced in order to gain admission to the room. As the arrangement of the legation's chancery is far from simple and as particular pains had been taken to render the cash box inaccessible, it seems clear that the burglary was committed by some one familiar with the interior arrangement of the house or some one who had a confederate inside the legation. By the time the burglary was discovered all the three sets of doors at the foot of the stairs had been unlocked; I was unable to satisfy myself as to whether any of them were found unlocked in the morning. This was obviously an important element in the case which I could not prevail upon the police to investigate.

When the cash box was brought up from the furnace room it was promptly put away in order not to arouse suspicion and Mr. Moffat, one of the secretaries of the legation, was dispatched to the ministry to ask that a detective be sent to the legation in order to make a discreet preliminary inquiry and see whether he could find some clue. The ministry was particularly requested to have this done quietly in order to avoid arousing suspicion. * * *

The commissioner of police who accompanied the 12 or 15 men who made the original investigation was asked to consider himself at liberty to come and go as he liked, to make any request that might occur to him, knowing that we would wish to help him in any possible way. As a preliminary I suggested that he question the secretaries of the legation, the accountant, the code clerk, the servants who built the fires and swept the upstairs rooms of the chancery, the man who slept in the front hall, the messengers, etc., as well as myself. I told him that he might in this way get a clear idea as to the precautions that were taken for safeguarding the money, the people who had access to the room, those who had at any time in the past had such access, whether anyone was aware that a large sum of money happened to be in the cash box, etc.

The CHAIRMAN. He does not say who put the money in the box or whether it was ever in the box?

Mr. CARR. No; his dispatch does not contain that information.

Mr. GALLIVAN. Has this ever been considered by any committee before?

Mr. CARR. No, sir.

Mr. GALLIVAN. Why has it not?

Mr. CARR. Because it only came to me in January of this year.

Mr. GALLIVAN. What is the date of his report?

Mr. CARR. August 25, 1921.

Mr. GALLIVAN. The theft took place in December, 1920, but he waited until the following August to make a report?

Mr. CARR. No; he reported it immediately; but the department naturally expected and instructed him, I think, to take all necessary measures over there and to exhaust all the resources at his command either to find the money or to find the person who stole it.

Mr. GALLIVAN. What does he report on that?

Mr. CARR. That was done, but no trace of the money was found.

The CHAIRMAN. He really knew the money was in the box and who put it in?

Mr. CARR. That is the statement, Mr. Chairman, I do not find in his report. He does say, however, that suspicion rested upon a certain person who had formerly been in the employ of the legation, but who disappeared from Warsaw after the theft. The report was delayed—that is, the detailed report—until August, 1921, to give the Polish authorities ample time to try to find the thief. They did not succeed.

Mr. Gibson had no other means for keeping the money. He had no safe, although he had asked for one, but the department had not been able for various reasons to get him one.

The CHAIRMAN. It is rather strange to think that the man who had charge of the payments should draw the money out of the bank to-day, with a view to paying bills to-day, and then postpone the payment until to-morrow, because he could not find a man to interpret for him and get the receipts in the form in which he wanted them.

Mr. CARR. I agree with you that it does seem strange, but the conditions in Poland were not normal. On the other hand, Mr. Gibson has had to account to the Government for the money, and has paid it out of his own pocket. Therefore he is the sufferer, and I believe that he has unjustly suffered, knowing the conditions under which he had to work. They were very trying. It is hardly fair to him to lose this money, and the department hopes you may be able to reimburse him.

SATURDAY, FEBRUARY 18, 1922.

TREASURY DEPARTMENT.

STATEMENTS OF MR. W. G. PLATT, CHIEF CLERK; MR. J. C. HAIR, BOOKKEEPER; AND MR. JACOB PYROH, MECHANICAL SUPERINTENDENT.

CONTINGENT EXPENSES.

PUCHASE OF COAL, WOOD, ENGINE OILS, ETC.

The CHAIRMAN. You are asking for $3,000 with which to buy pokers, tongs, shovels, and things of that sort. What do you want this $3,000 for?

Mr. PLATT. We want to buy coal with it.

The CHAIRMAN. You have not coal enough to run until the 1st of July?

Mr. PLATT. No, sir. We will have to have, instead of the $3,000 estimated here, an additional amount. We are going to have to ask you for $4,500.

The CHAIRMAN. We are not now considering anything that is not before us, and there is no estimate of $4,500 before us. You have no authority to submit an estimate here and neither has anybody else except the President.

Mr. PLATT. I am telling you what I think it will take now because of conditions that have arisen since this estimate was submitted.

The CHAIRMAN. What are those conditions?

Mr. PLATT. We were not anticipating this very cold weather we are having.

The CHAIRMAN. That has been for only two or three days.

Mr. PLATT. We have had pretty severe weather since the 31st of January.

The CHAIRMAN. It has not been very cold.

Mr. PLATT. We estimated, when we asked the original appropriation, for $35,000, and you gave us $25,000. We have expended more than that every year. Last year we expended $31,844, and this is a much more severe winter than last winter was. Of course, the price of coal is a little cheaper, but we have a condition at the Treasury Building that we did not have a year ago, in that the roof is off the building.

The CHAIRMAN. It is off just a little place.

Mr. PLATT. The whole roof is off from the entire east side and west side of the building. It is practically out-of-doors.

The CHAIRMAN. You are not trying to heat the whole out-of-doors, are you?

Mr. PLATT. We are trying to heat the building.

The CHAIRMAN. How much of the $25,000 have you on hand?

Mr. PLATT. It is pretty hard to say that, because of the fact that ours bills are not all in.

The CHAIRMAN. You do not know how much you will need if you do not know how much you have.

Mr. PLATT. Yes, sir; we know pretty well how much we will need. We know how much coal we burn, and I think we know about how

much we will have to have. Of course, if you give us only the $3,000 that we have asked for here, when the coal is gone, we will have to stop.

The CHAIRMAN. The coal will not be gone before summer comes, and summer is coming. Tell us why you need this additional amount for coal?

Mr. PLATT. Here is a statement showing exactly how we intend to use this coal, and where we intend to use it.

The CHAIRMAN. Will you use 40 tons of coal to heat the Treasury garage?

Mr. PLATT. That means more than a garage. That is a three-story building and we keep records in that building.

The CHAIRMAN. Who is working there?

Mr. PLATT. There are people working in that three-story building, and we heat the whole building.

The CHAIRMAN. Forty tons of coal to heat a garage seems like a large amount.

Mr. PLATT. It is quite a large building. The whole building is not used as a garage. We designate it as the Treasury garage, but it is not all used for that purpose.

The CHAIRMAN. How much coal have you on hand now?

Mr. PYROH. I should say 200 tons.

The CHAIRMAN. You are not sure about that?

Mr. PYROH. Not absolutely. We are using from it all the time, and that is an estimate.

The CHAIRMAN. How much of this $25,000 is obligated?

Mr. HAIR. That is something we can not answer, inasmuch as the last bills we had from the fuel yards were for December, or up to the end of December.

The CHAIRMAN. What was your unexpended balance on the 1st of January?

Mr. HAIR. I can not say that.

The CHAIRMAN. What the committee wants is facts, and it is necessary that we have them to justify the making of an appropriation.

Mr. HAIR. We are giving the facts that we thought it necessary to show in order to determine the amount of coal required. If we know the amount of coal used up to the present time and the amount used in previous years, we can estimate the number of tons required for each building from now until the end of the season, and from that we can compute the total number of tons. By taking the cost of each building we can see how much will be needed for the year.

The CHAIRMAN. Do you know how much will be needed?

Mr. HAIR. The statement that you have there shows approximately the same number of tons, or a few more tons, for each building than we used last year.

The CHAIRMAN. Why do you want a few more tons for each building?

Mr. HAIR. We are using more.

The CHAIRMAN. How many tons did you use for each building last year?

Mr. PLATT. We had for the Treasury Building 2,236 tons.

The CHAIRMAN. That is 104 tons less than you estimate for this year.

Mr. PLATT. For the Butler Building we used 129½ tons.

The CHAIRMAN. That is 21 tons less than you estimate for this year.

Mr. PLATT. We have entered into an arrangement with the Superintendent of the Capitol Building and Grounds by which we are to furnish that number of tons of coal in return for heat for the Butler Building.

The CHAIRMAN. How about the Winder Building? How many tons did you use there?

Mr. PLATT. Two hundred and ninety-seven tons.

The CHAIRMAN. That is 100 tons less.

Mr. PLATT. Last year in connection with the Winder Building we were heating an annex, for which we were reimbursed.

The CHAIRMAN. Will it take more to heat the annex than the Winder Building?

Mr. HAIR. We used approximately 400 tons for that building last year, including the annex, and the chief clerk of the War Department reimbursed us for their part of it. After deducting the reimbursement, that left a net cost to our appropriation of 297 tons.

Mr. PLATT. We actually burned about 400 tons of coal.

The CHAIRMAN. You are not heating the annex now?

Mr. HAIR. No, sir.

The CHAIRMAN. How much coal was consumed for the G. A. R. Hall?

Mr. PLATT. Two hundred and twenty-nine and one-fifth tons.

The CHAIRMAN. That is only 10 tons less. How about the Graham Building?

Mr. PLATT. We used 175 tons there.

The CHAIRMAN. That is what you have here.

Mr. PLATT. There is a difference in that Graham Building. We are using 60 tons of soft coal and the rest of it is hard coal, whereas last year it was all soft coal.

The CHAIRMAN. How about the Cox Building?

Mr. PLATT. We used there last year 75 tons.

The CHAIRMAN. How much did you use for the Treasury stables last year?

Mr. PLATT. Fourteen and three-fourths tons. We were burning stoves in that building last year. For the Treasury garage we used 38⅓ tons.

The CHAIRMAN. That is two tons less. How much did you use for the cabinet shop?

Mr. PLATT. Four and two-sevenths tons.

The CHAIRMAN. You had 280 tons less last year than you are figuring on now.

Mr. PLATT. Yes, sir; principally on account of the Treasury Building.

The CHAIRMAN. You would have $2,500 more than you had in your coal bill last year, but you are asking for $3,000. I am figuring it at $8 per ton.

Mr. HAIR. The hard coal is $12.75 per ton.

The CHAIRMAN. Two hundred and twenty-five tons of this coal is not hard coal, but is soft coal. There are 280 tons altogether, and if you take 225 from 280 it leaves 55 tons of hard coal. I do not see what you want with this money, according to your own figures.

Mr. HAIR. Our figures there show the number of tons of soft coal that we have, at the average price we have quoted there of $7.90 per ton. Then we show the number of tons of hard coal that we need for those buildings at $12.75 per ton.

The CHAIRMAN. You have 55 tons of hard coal extra and 225 tons of soft coal extra.

Mr. PLATT. We are asking for only $500 outside of the actual price of the coal.

The CHAIRMAN. Why do you ask that?

Mr. PLATT. That is wastage, shovels, oil, etc.

The CHAIRMAN. I thought you wanted all of it for coal?

Mr. PLATT. We are not asking $500 additional on this, but $500 on the whole appropriation that we will spend for oil, waste, shovels, and that sort of thing. That is on the entire appropriation, and we are not in actual deficit on that.

The CHAIRMAN. You are asking for 280 tons of coal more than you used last year. I am basing it upon your own figures of $2,500, and you say you want $4,500.

Mr. PYROH. At the present time we are burning between 3 and 4 tons per day more.

The CHAIRMAN. After the 1st of April you will not need any coal?

Mr. PYROH. Commencing about the 1st of January, when the roof of the Treasury Building was practically removed on one side, the heat from downstairs was going through the fourth floor and going out into the open, and that necessitated a greater consumption of coal.

The CHAIRMAN. Is it covered now?

Mr. PYROH. It is only covered with cheese cloth. It is not very much protection.

The CHAIRMAN. They will not leave it there covered with cheese cloth?

Mr. PYROH. No, sir. They are working on it, but it takes time to do that.

The CHAIRMAN. There was only $5,000 damage done to the building, we were informed.

Mr. PLATT. In making up those figures, you are assuming now that this would simply represent the difference in the number of tons of coal over and above what we had last year, but you must consider that last year we had $38,440 with which to pay for this coal. The coal that we actually burned last year cost us $31,224.28.

The CHAIRMAN. Last year you had exactly $22,000. That is what you had.

Mr. HAIR. Plus $11,000 in a supplemental appropriation.

Mr. PLATT. We had $33,000, and we spent $31,224.28 for coal. In addition to the number of tons we are burning, we must add that cost.

The CHAIRMAN. No; we do not add anything.

Mr. PLATT. You are taking the difference between the number of tons of coal purchased last year and the number of tons we propose to purchase this year.

The CHAIRMAN. That represents $2,500.

Mr. PLATT. Yes, sir; but last year we had $6,844 more money than we have had this year to start with. We must take into consideration what the coal cost. There is not a single item in that expenditure except coal, other than the $500 for oil and waste.

The CHAIRMAN. It is all coal?

Mr. PLATT. Yes, sir. Last year coal cost us more per ton than it does this year.

The CHAIRMAN. So that, if you are using more tons of coal this year, you will make up some of the difference by your saving in the price?

Mr. PLATT. We actually spent over $6,000 more for coal last year than we have money to pay for this year. As it is, we are really buying more coal this year. Of course, if we do not have coal, we will have to stop.

JANUARY 10, 1922.

Contingent expenses, Treasury Department, fuel, etc.

Appropriation, 1918		$19,000.00
Appropriation, 1919	$15,000	
Appropriation, used of N. S. & D. fund	7,202	
		22,202.00
Appropriation, 1920		26,000.00
Appropriation, 1921		33,000.00
Appropriation, 1922		25,000.00
Estimate, 1923		25,000.00
Coal purchases, 1921:		
Treasury Building, 2,236 tons soft coal		21,547.48
Butler Building, 129½ tons soft coal		1,280.24
Winder Building, 297 tons soft coal		2,830.15
G. A. R. Hall, 229⅛ tons soft coal		2,234.14
Graham Building, 175 tons soft coal		1,710.62
Total, 3,066.7 tons soft coal at $9.56 per ton		29,602.63
Cox Building, 75 tons anthracite		972.83
Treasury garage, 38⅛ tons anthracite		500.33
Treasury stables, 14¾ tons anthracite		191.37
Cabinet shop, 4⅞ tons anthracite		56.30
Total, 132⅛ tons anthracite at $13.01 per ton		1,720.83
Oils, shovels, grates, etc		520.82
Total, coal and oil, etc		31,844.28
Estimated expenditures, 1922:		Tons.
Treasury Building (soft coal)		2,250
Winder Building (soft coal)		350
G. A. R. Hall Building (soft coal)		240
Total (soft coal)		2,840
Graham Building (anthracite)		175
Cox Building (anthracite)		75
Treasury garage (316 Fourteenth Street (anthracite)		40
Treasury garage (1408 D Street) (anthracite)		25
Cabinet shop (anthracite)		5
Total (anthracite)		320
Oils, shovels, grates, etc		$500.00
2,840 tons bituminous coal, at $7.90 per ton		22,436.00
320 tons anthracite coal, at $12.75 per ton		4,080.00
Heat furnished Butler Building		1,027.00
Total		28,043.00
Appropriation		25,000.00
Supplemental appropriation needed		3,043.00

PURCHASE OF GAS, ELECTRIC CURRENT, ETC.

The CHAIRMAN. For the purchase of gas, electric current for lighting and power purposes, etc., you are asking $1,500. What is that for? I want to know if you make an allotment of this appropriation.

Mr. HAIR. Not of this appropriation.

The CHAIRMAN. Why not?

Mr. PLATT. The entire payment for electricity, and that is the principal item, the others being insignificant, is paid from contingent expenses, or from this appropriation, and then certain activities reimburse the contingent appropriation on this account, so that this appropriation does not represent the entire cost of electricity for the Treasury Department. It is impossible for us to make an allotment for current expenses for this bureau or that bureau or the other bureau.

The CHAIRMAN. What makes you think you need $1,500?

Mr. HAIR. Mr. Chairman, the expenditure up to January 31, for electric lamps and fixtures was $1,096, and for gas, $99.96.

The CHAIRMAN. For gas fixtures?

Mr. HAIR. No, sir; that is for gas used. Then, the cost of the electric current used for the Treasury Building and the other buildings that we have to supply with current from this fund would total $14,289.12. Now, for the five months, from February 1 to June 30, based on the bills received to date, we will run at the rate of about $2,200 per month, making $11,000 additional for electric current.

The CHAIRMAN. You will not use as much after the 1st of April as now?

Mr. HAIR. No, sir. Our bill for December was $2,331.86.

The CHAIRMAN. During April, May, and June the expenditure will be light, and I think you can get along without any more money.

Mr. HAIR. Those months are not as light as July, August, and September.

Mr. PLATT. We want to reduce this $500.

The CHAIRMAN. If you are willing to reduce it $500, we will reduce it by the other $1,000.

Mr. HAIR. It is an appropriation we can not control.

The CHAIRMAN. You can control it if you do not allow people to burn lights without limit.

Mr. HAIR. We keep it down as low as we possibly can.

The CHAIRMAN. I think we will divide it up with you. We will take the $1,000 and let you take the $500. You can come back and let us know how well you get along. We must commence to economize somewhere.

Mr. PLATT. We have been doing that all the time. I think we ought to be congratulated for coming in here on only two items.

SATURDAY, FEBRUARY 18, 1922.

DISTINCTIVE PAPER.

STATEMENT OF MR. WILLIAM S. BROUGHTON, COMMISSIONER OF THE PUBLIC DEBT.

The CHAIRMAN. Mr. Broughton, you are asking a deficiency appropriation of $213,281.25 for the additional amount necessary to complete the purchase of 150,000,000 sheets of distinctive paper for United States currency, national-bank currency, etc. You are back again with an old friend. You insist on using more distinctive paper than we want you to use.

Mr. BROUGHTON. Mr. Chairman, I do not think there will be much trouble over this item.

The CHAIRMAN. It is a lot of money.

Mr. BROUGHTON. It was covered in the hearings on the Treasury bill and, of course, you remember those hearings.

The CHAIRMAN. We do not have much trouble with anybody, because we do not let them trouble us.

Mr. BROUGHTON. For the current year Congress authorized and provided funds for a printing program of 150,000,000 sheets.

The CHAIRMAN. I thought it was 142,000,000 sheets.

Mr. BROUGHTON. That is for next year. For the current year there is a program authorized and money appropriated for the printing of 150,000,000 delivered sheets, and in another part of the sundry civil bill the Secretary is authorized to purchase 150,000,000 sheets for this authorized printing.

The CHAIRMAN. The Bureau of Engraving and Printing is not authorized to do the printing?

Mr. BROUGHTON. Yes; you authorized the purchase and printing of 150,000,000 sheets; ordinarily you authorize the Secretary to buy 5 per cent more than the bureau is authorized to print. For the current year, because of our stock balance, we did not ask for the 5 per cent. Congress, in appropriating for the purchase of 150,000,000 sheets, appropriated $750,000, which was not sufficient by the amount of this deficiency based on the current contract price.

The CHAIRMAN. Did you say the price was going up or down? What are you using?

Mr. BROUGHTON. We are very fortunate in being able to secure 50 per cent linen.

The CHAIRMAN. What is the price of linen, what is the price of cotton, and what is the price of the combination?

Mr. BROUGHTON. The current contract price for 100 per cent cotton is 43 cents, for 100 per cent linen 53 cents, and the 50-50, 48 cents, which is what we now pay.

The CHAIRMAN. What was the price when this estimate was made?

Mr. BROUGHTON. Originally, you mean?

The CHAIRMAN. That is, when the original estimate was made.

Mr. BROUGHTON. We were paying 45 cents for all cotton, but before the year was over we were paying 49 cents for 50 per cent linen, so we are now getting it for 1 cent less than——

The CHAIRMAN (interposing). It is 48 cents now?

Mr. BROUGHTON. Yes.

The CHAIRMAN. At what price did you estimate?

Mr. BROUGHTON. We estimated it at the average, 49 cents; that is, we estimated at 49 originally, but it is now revised to 48 cents.

The CHAIRMAN. How much does 1 cent mean on the 150,000,000 sheets?

Mr. BROUGHTON. $18,750; but you will recall an appropriation was not made on the basis submitted, but a flat $750,000 was appropriated to purchase 150,000,000 sheets.

The CHAIRMAN. That is all you save there. What is it that makes it cost $213,281.25 more?

Mr. BROUGHTON. Because 150,000,000 sheets of paper at 48 cents per pound will cost $963,281.25.

The CHAIRMAN. And the appropriation was how much for that?

Mr. BROUGHTON. $750,000.

The CHAIRMAN. And this $213,000 is the difference?

Mr. BROUGHTON. It is the difference between the amount appropriated and the amount necessary to purchase 150,000,000 sheets in order to execute the authorized program for the year.

The CHAIRMAN. Do you have to use all this paper?

Mr. BROUGHTON. Yes, sir; we will.

The CHAIRMAN. Could you not get along without it until the 1st of July?

Mr. BROUGHTON. Then we would have to reduce our printing program.

The CHAIRMAN. That is all right. Nobody would suffer, would they?

Mr. BROUGHTON. We think they would. If you will recall the former condition of the currency and the condition to-day——

The CHAIRMAN (interposing). You say the currency does not last long when made out of cotton and linen mixed, so that you have to print oftener than if it was all linen?

Mr. BROUGHTON. That is true, and the requirements for this year are on the basis of 150,000,000 sheets printed at the bureau and no more.

The CHAIRMAN. Do you call this currency in for cancellation oftener than it is necessary to call it in?

Mr. BROUGHTON. No, sir; we do not; we watch that very carefully.

The CHAIRMAN. You could leave it out longer if you wanted to. We will put it that way. Suppose we did not give you this $213,000; what effect would that have on the circulation?

Mr. BROUGHTON. We now have money enough to buy for the current year approximately 118,000,000 sheets, and we have placed an order——

The CHAIRMAN (interposing). Do you mean you have actually placed an order or that you have made a suggestion that you will probably want more?

Mr. BROUGHTON. No; we have actually placed orders for 100,000,000 sheets so far for this fiscal year; this has for the most part been made and delivered. You see, we have been running on the basis of 150,000,000 sheets authorized for the year.

The CHAIRMAN. Do you mean you have placed an order for 100,000,000 sheets for the entire fiscal year?

Mr. BROUGHTON. No; up to date. We propose to purchase 15,000,000 for the year.

The CHAIRMAN. When was the last of the 100,000,000 sheets delivered?

Mr. BROUGHTON. These orders are just about completed and another order is due to be placed.

The CHAIRMAN. That is all you need if you have not had all of the 100,000,000 sheets delivered.

Mr. BROUGHTON. We have them all delivered except a few million sheets.

The CHAIRMAN. And you have only four months of the year to go. I thought you said you had not had any of it delivered.

Mr. BROUGHTON. No; we have been running on a 150,000,000 basis.

The CHAIRMAN. Would there be any serious damage if you did not have these additional sheets?

Mr. BROUGHTON. We would not have any new currency to pay out during two months of the year and we would have to stop the bureau for two months.

The CHAIRMAN. That would not hurt anybody, would it?

Mr. BROUGHTON. I think it would. It is absolutely necessary to meet redemptions as the notes are presented. If worn out, they can not be replaced. We are actually using this currency to-day on the 150,000,000 basis. Now, as a matter of fact, Congress cut us 25 per cent over what we estimated was necessary for this year. We asked for 200,000,000 sheets.

The CHAIRMAN. You never fail to ask for more than enough, but somebody has got to stop and think about what is going to finally happen to the taxpayers of the United States. We are dealing with a problem that involves a lot of hardship all over the country, and we are in a condition where we must deal with it.

Mr. BROUGHTON. Last year Congress authorized deliveries of 136,000,000 sheets, and it was deemed not sufficient, and for this year they authorized 150,000,000 sheets. Because of the better quality of the paper, we have assented to your cut to 142,000,000 sheets for next year, and we are not going to ask you for any more, but we do feel it would be very injudicious to cut below what has already been authorized for this year; and to print 150,000,000 sheets it is necessary to buy 150,000,000 sheets of paper.

The CHAIRMAN. Suppose we compromise with you and give you about half of the difference between what you want and what we think you ought to have. If we did that, there would not be any serious trouble about it, because you would know how to work it out.

Mr. BROUGHTON. Really, Mr. Chairman, I feel very keenly about this.

The CHAIRMAN. I know you do, and so do we. You are a smart fellow, a mighty nice fellow, and you generally try to cooperate with us.

Mr. BROUGHTON. You have given us 150,000,000 sheets for next year, and have authorized the printing of 142,500,000 delivered sheets. For this year you have authorized and provided the necessary appropriation for the bureau to print 150,000,000 sheets, but we need more money to buy the paper.

'he CHAIRMAN. What would be the figures if we took off 8,000,000 ets?

Ir. BROUGHTON. You see, we have money for 118,000,000 sheets l we are authorized to buy 150,000,000 sheets; that is a difference 32,000,000 sheets, and if you should take off 8,000,000 sheets that uld be cutting off one-quarter, or $53,250, or we would require 0,000, as I roughly figure it.

The CHAIRMAN. That cuts off one-quarter of this $213,000?

Mr. BROUGHTON. Yes; a little more than a quarter.

The CHAIRMAN. Do you really think you need that much?

Mr. BROUGHTON. I feel very keenly that we do. The work is thorized and we have made it our program for the year.

The CHAIRMAN. We have your problem before us and we will ink it over. If we have to trim you a little more just feel happy out it.

Mr. BROUGHTON. We are always going to do what you want us do. Of course, that is what we are down there for.

The CHAIRMAN. We are very much interested in seeing that you t such facilities as should be afforded if they are essential and cessary to the service, but we must make reductions which do t result in a detriment to the service.

Mr. BROUGHTON. If the price had been reduced as Congress anticipated it would be we would not be here.

The CHAIRMAN. We did not anticipate it; you anticipated it.

Mr. BROUGHTON. No; I do not think so. Next year I hope to ow a saving.

SATURDAY, FEBRUARY 18, 1922.

TATEMENT OF MR. ROLAND A. CROXTON, ASSISTANT TO THE UNDERSECRETARY OF THE TREASURY.

AYMENT TO HARRIMAN NATIONAL BANK FOR INTEREST ERRONEOUSLY PAID.

The CHAIRMAN. You are asking a deficiency appropriation of $4,950.04 to pay the claim of the Harriman National Bank, New York, N. Y., for the refund of the sum erroneously paid into the United States Treasury by the claimant bank as interest on deposits of public moneys from April 18, 1918, to June 30, 1920.

Mr. CROXTON. Mr. Chairman, that amount represents interest on public deposits which that bank paid by mistake, and the Comptroller of the Treasury and the Comptroller General have held that there is no appropriation out of which we can properly pay that money to the bank.

The CHAIRMAN. How did they come to pay this interest?

Mr. CROXTON. There is a peculiar chain of circumstances. The bank acted for the Harriman National Bank, of Seward, Alaska. The officers of the Alaskan Engineering Commission in Alaska to have a lot of cash up there to pay expenses; they had been ca ing that money at their own risk, and we decided to increase balance of the Harriman National Bank, of Seward, Alaska, depository, in order that it might furnish this cash.

The CHAIRMAN. They have a bank up there?

Mr. CROXTON. There was no direct relation between those two banks, although they have the same name. One was the correspondent of the other. So we wanted to increase the balance of the Seward bank as a depository and give them a balance of $100,000 which would enable them to supply cash to the officers of the Alaska Railway Commission, but the bank only had a capital of $25,000 and they did not have the necessary bonds to put up. We require collateral in like sum.

The CHAIRMAN. So you could not deposit the $100,000?

Mr. CROXTON. No; and they could not borrow the collateral. The Comptroller of the Currency held that even if anybody loaned it to them he could not permit it under the law. So we made a proposition to this Harriman National Bank, of New York. We said, "If we make a deposit of $100,000 with your correspondent bank in Alaska, will you put up the required collateral?" And they said they would. It was purely an accommodation to the Government. We shipped the money to the bank in Alaska and no money went to the bank in New York. Upon the Harriman National Bank, of New York, agreeing to do that, we wrote the usual letter of designation and in that we put the requirement of 2 per cent interest, which we require of all depositories. They wrote back and said they were willing to perform these services, but would not pay the 2 per cent interest. Through oversight on the part of the Treasury that letter was not answered; we did not go into that question at all, and although the bank said they would not pay the 2 per cent interest, they did pay it, and paid it down to June 30, 1920.

The CHAIRMAN. That is, the man who figured the interest on the balance just sent a check for the amount?

Mr. CROXTON. Yes; he just automatically paid it. Now, the bank says that their bookkeeper, who was a green man put on during the war, was not authorized to do that, and that the officers of the bank knew nothing about it, and they presumed it was not being done.

The CHAIRMAN. And the Treasury Department admits it is not entitled to this money?

Mr. CROXTON. The Secretary said that if the question had been raised at the time and brought to his attention he would never have required the 2 per cent interest, and he has subsequently waived the requirement.

The CHAIRMAN. And, as a matter of fact, the designation of the Harriman National Bank of New York was simply made as a matter of accommodation for the Alaska Railway Commission?

Mr. CROXTON. That was done for the purpose of preventing those officers up there from keeping money at their own risk.

The CHAIRMAN. You could not designate the Harriman National Bank of Alaska?

Mr. CROXTON. No; without collateral, and they could not furnish it.

The CHAIRMAN. But you would have increased the balance of that bank if they had been able to put up the securities?

Mr. CROXTON. Yes, sir; and it was to our advantage to do so.

The CHAIRMAN. And the only relationship between the Harriman National Bank of New York and the Harriman National Bank of Alaska is that one was the correspondent of the other?

Mr. CROXTON. That is all; there was no financial interest.

The CHAIRMAN. On that statement of facts this recommendation comes from the Secretary of the Treasury?

Mr. CROXTON. Yes, sir.

The CHAIRMAN. Through the President?

Mr. CROXTON. Yes; through the Budget Bureau.

The CHAIRMAN. And it is desired that the money be returned to this bank?

Mr. CROXTON. Yes, sir. There is no other way to get it back to them.

SATURDAY, FEBRUARY 18, 1922.

BUREAU OF INTERNAL REVENUE.

STATEMENT OF MR. C. P. SMITH, ASSISTANT COMMISSIONER OF INTERNAL REVENUE.

TAX SIMPLIFICATION BOARD.

The CHAIRMAN. You appear in behalf of the item of expenses, Tax Simplification Board?

Mr. SMITH. Yes, sir.

The CHAIRMAN. The item reads:

For expenses of the Tax Simplification Board established in the Treasury Department under the provisions of section 1327 of the revenue act of 1921, approved November 23, 1921, during the fiscal year ending June 30, 1922, as authorized under paragraph 2(e) of said act and section.

The CHAIRMAN. How do you know it will be $10,000?

Mr. SMITH. I do not.

Mr. SMITH. The Tax Simplification Board was organized right after the revenue act of 1921 was approved.

The CHAIRMAN. Was it provided for in the act?

Mr. SMITH. Yes; section 1327, revenue act of 1921. The revenue act of 1921 in that same section authorized an appropriation of $10,000, the wording of the statute being:

For the expenditures of the board for the fiscal year ending June 30, 1922, there is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $10,000.

The CHAIRMAN. For how long a period?

Mr. SMITH. From the time of the creation of the board up to June 30, 1922.

The CHAIRMAN. Of what does this $10,000 consist?

Mr. SMITH. Of course, the only expenses which will be paid out of this $10,000 are the traveling expenses of the members of the board who represent the public.

The CHAIRMAN. How much will they amount to?

Mr. SMITH. They have not asked for anything. I took this matter up specifically with Undersecretary Gilbert and find they have not asked for a cent to date.

Tell us about that item.

The CHAIRMAN. How do you know it will be $5,000?

Mr. SMITH. I do not.

The CHAIRMAN. Then, why do you ask us for $10,000?

Mr. SMITH. Undersecretary Gilbert stated that this item was put in because it was authorized.

The CHAIRMAN. Because it was authorized does not mean that an appropriation is going to be made. We are not going to appropriate for it unless we know what we are appropriating for.

Mr. SMITH. Undersecretary Gilbert stated this morning that he could not estimate the amount, and in the absence of Mr. Beal, who is away on account of illness, having suffered an accident in Pittsburgh, he could not tell just how much should be estimated for these expenses.

The CHAIRMAN. Does this continue during the next year?

Mr. SMITH. Yes, sir.

The CHAIRMAN. Suppose we let it go for 1922, as long as you do not think you will have any expenses in connection with it, and take a chance on it in 1923. The mere fact that the law authorizes an appropriation does not mean that it is going to be made, or that if you do not spend it we ought to appropriate it.

Mr. SMITH. These three individuals—Mr. Beal, Mr. Sterrett, and Mr. Abbott——

The CHAIRMAN (interposing). You know they will not want a cent.

Mr. SMITH. It was the thought of the Treasury Department that they ought to be reimbursed for their actual expenses.

The CHAIRMAN. When you know their actual expenses send in a bill for them, but in the meantime we will just forget this item.

SATURDAY, FEBRUARY 18, 1922.

BUREAU OF ENGRAVING AND PRINTING.

STATEMENT OF MR. A. P. RUTH.

INCREASE OF LIMITATION OF NUMBER OF DELIVERED SHEETS.

The CHAIRMAN. You are asking for the following item:

The limitation for the fiscal year 1922 as to the number of delivered sheets of checks, drafts, and miscellaneous work is increased from 6,152,037 to 7,500,000 sheets.

Mr. RUTH. That is to meet the demands of the various departments for checks, drafts, commissions, warrants, and miscellaneous work of that sort as ordered from the bureau in the present fiscal year. In the first six months the actual deliveries on orders have exceeded the pro rata of the limit. We delivered up to the end of December 3,494,511 sheets against the allotment of 6,152,037 for the year.

The CHAIRMAN. That means that you want to keep going at the same rate? That is all there is to it?

Mr. RUTH. Yes, sir.

The CHAIRMAN. It is not because they need the checks?

Mr. RUTH. Yes; it is because they need the checks. In the month of January we delivered 757,754, which is a little larger than the average had been for the first six months.

The CHAIRMAN. What will happen if you do not get this authority?

Mr. RUTH. I imagine the Pension Bureau, some of the disbursing clerks, and maybe the Veterans' Bureau, will not have sufficient checks.

The CHAIRMAN. They generally have a supply of checks for six months in advance, do they not?

Mr. RUTH. No; we have current orders.

The CHAIRMAN. I know you have current orders, but they always have a supply in advance.

Mr. RUTH. But I do not think they have a supply for more than a month or two.

The CHAIRMAN. What is your experience about that? You ought to know.

Mr. PLATT. Well, when I was disbursing clerk—and that is the only knowledge I would have about it—I simply kept just about one month's supply ahead and not more than two months.

The CHAIRMAN. Well, if you had two months' supply ahead, would you still have enough to carry you to the 1st of July?

Mr. RUTH. Based on the present rate of delivery, and the small supply that the officers carry, I do not think they would have sufficient to carry them over to July. You take the Veterans' Bureau. They pay, I understand, their allotments monthly?

The CHAIRMAN. They pay every two weeks.

Mr. RUTH. We are delivering just about as rapidly as the several officers use them, keeping just enough ahead to avoid having them without any supply at all.

The CHAIRMAN. What will be the extra cost of this increased authority?

Mr. RUTH. There is no additional appropriation asked for. The appropriation already made is sufficient to pay this additional cost. There is a slight reduction in the deliveries of internal stamps which is more than sufficient to pay this additional cost.

The CHAIRMAN. There has been a large reduction in the internal revenue stamps?

Mr. RUTH. Probably about 10 per cent, based upon the deliveries in the first six months.

The CHAIRMAN. Why do you need this additional authority? Is it because the law provides a limit?

Mr. RUTH. The law limits the maximum number that can be printed and delivered.

The CHAIRMAN. You say there is a likelihood of a shortage of checks, drafts, blanks, and so on?

Mr. RUTH. Yes, sir.

The CHAIRMAN. If you do not get this authority?

Mr. RUTH. Yes, sir.

The CHAIRMAN. At the rate you are going now does it require this authority to keep it up?

Mr. RUTH. Yes, sir.

The CHAIRMAN. It is not for the purpose of keeping additional people employed?

Mr. RUTH. No, sir.

The CHAIRMAN. It is just for the purpose of meeting urgent needs?

Mr. RUTH. That is right. We have not furnished anything except that for which we have had actual orders on hand.

SATURDAY, FEBRUARY 18, 1922.

MINTS AND ASSAY OFFICES.

STATEMENT OF MR. RAYMOND T. BAKER, DIRECTOR OF THE MINT.

CONTINGENT EXPENSES, MINT AT NEW ORLEANS.

The CHAIRMAN. For incidental and contingent expenses, fiscal year 1922, at the New Orleans Mint, you are asking $48.70.

Mr. BAKER. That is a deficiency in the gas and electric current account for 1920.

The CHAIRMAN. What is this about?

Mr. BAKER. It is for electrical current and gas used at the New Orleans assay office.

The CHAIRMAN. What did they want with gas at the New Orleans assay office?

Mr. BAKER. We use gas in the melting operations.

The CHAIRMAN. Is this a proper bill?

Mr. BAKER. It is a proper bill, and it should have been presented long before.

The CHAIRMAN. Has it been audited?

Mr. BAKER. It has been audited, approved, and submitted.

SATURDAY, FEBRUARY 18, 1922.

COAST GUARD.

STATEMENTS OF CAPT. WILLIAM E. REYNOLDS, COMMANDANT THE COAST GUARD; MR. K. J. MINOT; AND LIEUT. LEROY REINBURG.

AUTHORITY FOR TRANSFER OF FUNDS.

The CHAIRMAN. Captain, you are asking for the following item:

Not to exceed $205,000 of the amount appropriated for the fiscal year 1922 under the subhead "Rations" is transferred and made available for expenditure during the fiscal year under the following subheads: "Fuel and water," $180,000; "Contingent expenses," $25,000.

This does not require any money but is simply a transfer of funds?

Capt. REYNOLDS. It is a transfer of funds only.

The CHAIRMAN. Why is this necessary?

Capt. REYNOLDS. When the appropriations for the present fiscal year were made under the subheads of "fuel and water" and "contingent" we realized that, as they were so much below our estimates, we should not be able to get through with them. In July and again in October we wrote the Budget officer of the Treasury Department to that effect, and in December we wrote the Secretary of the Treasury requesting that steps be taken to have certain funds transferred from the subhead of "rations" to these other two subheads in order to get through, it having developed at that time that we would have a surplus in the ration account.

The CHAIRMAN. Is that due to the fact that you were able to ration the men for less money than you estimated?

PUBLIC BUILDINGS.

HOSPITAL NO. 27, ALEXANDRIA, LA.

REPAIRS AND REMODELING.

SATURDAY, FEBRUARY 18, 1922.

STATEMENTS OF MR. JAMES A. WETMORE, ACTING SUPERVISING ARCHITECT OF THE TREASURY; MR. JOHN H. SCHAEFER, SUPERINTENDENT OF MAINTENANCE DIVISION; MR. N. S. THOMPSON, SUPERINTENDENT OF MECHANICAL DIVISION; DR. ROBERT D. MADDOX, UNITED STATES PUBLIC HEALTH SERVICE; AND MR. GEORGE C. STRATTON, TECHNICAL ASSISTANT, UNITED STATES PUBLIC HEALTH SERVICE.

The CHAIRMAN. For repairs and remodeling of existing buildings at the Alexandria, La., Public Health Service Hospital No. 27 you are asking an appropriation of $25,000. Of what do those repairs consist, Mr. Wetmore, and what authority is there for it, if any? But before you answer that let me ask you this question: Were the activities you are proposing here authorized out of the $18,600,000 appropriation for public-health hospitals?

Mr. WETMORE. No, sir; although one item, I believe, was provided for under that appropriation, for Alexandria, La.

The CHAIRMAN. They have $861,000 unallotted. Why do you not get them to allot you that money for these improvements instead of coming here?

Mr. WETMORE. They will have use for all of that.

The CHAIRMAN. They have not used it; they have it.

Mr. WETMORE. They have got to use it in connection with the hospitals they are now building.

The CHAIRMAN. Well, these are hospitals.

Mr. WETMORE. If I am not mistaken, $60,000 was allotted out of that appropriation to replace a burned building at Alexandria, but the rest of the hospitals you speak of have not yet been furnished; they have not been equipped.

The CHAIRMAN. Is this for equipment? I thought these were repairs.

Mr. WETMORE. No; you are asking why they do not use the balance of the $18,600,000.

The CHAIRMAN. I am asking you why you do not go to them to get the money instead of coming here? It is already appropriated, and why should we appropriate more?

Mr. WETMORE. Because the balance in their hands is not more than sufficient to take care of the hospitals they have already authorized.

The CHAIRMAN. They do not say that; they say, on the other hand, that they have $861,000 that has not been allotted.

Mr. WETMORE. That is for construction work.

The CHAIRMAN. This is construction work.

Mr. WETMORE. I know; but the $18,600,000 is not limited to construction work.

The CHAIRMAN. To what is it limited?

and we immediately sent two boats down to Norfolk for her. That did not cost us anything. Of course, it cost us the coal, but that vessel was on her regular cruise and she might have made the trip any how, but it did take fuel. She might not have made the trip so rapidly, but she came back leisurely on her regular cruise.

The CHAIRMAN. You are not asking any money? You are asking for a transfer of the savings you have made?

Capt. REYNOLDS. Yes, sir.

The CHAIRMAN. Do you think you are going to get the cost of the ration down lower than it is?

Lieut. REINBURG. Yes, sir.

The CHAIRMAN. What is the hope?

Lieut. REINBURG. We have used another system of purchasing our food. We have been purchasing a great deal of nonperishable foods from the Navy surplus stocks, and we have been able to get the 1917 prices on them. In that way I imagine we will save about 8 cents per ration throughout this year.

The CHAIRMAN. How many men do you subsist?

Lieut. REINBURG. Altogether we are subsisting approximately 1,500 men; the balance of the men get their rations in money; they get 50 cents a day, a commuted ration.

The CHAIRMAN. They get 50 cents a day regardless of what it costs?

Lieut. REINBURG. Yes, sir.

The CHAIRMAN. Why do you differentiate?

Lieut. REINBURG. We must follow the Navy under the law and they reduced the price of the commuted ration to 50 cents, so we are required to follow.

The CHAIRMAN. What is the cost of the Navy ration now?

Lieut. REINBURG. I am not familiar with the actual cost, but it varies according to the size of the ship which, naturally, means the size of the crew. A battleship ration will be 65 cents, whereas a gunboat's ration will be from 65 to 75 cents. The ration for our boats, which are of the same size as the gunboats, was 56 cents for the month of January.

The CHAIRMAN. You can not carry as large a supply of food—is that it?

Lieut. REINBURG. Not quite as large a supply, no, and we can not carry coal for such a long time, either, so that we have to return to port for coal, anyhow.

The CHAIRMAN. You think it is essential to have this coal, do you?

Capt. REYNOLDS. I do, sir.

The CHAIRMAN. You want $30,000 for contingent expenses instead of $25,000, and $150,000 for fuel and water instead of $180,000?

Capt. REYNOLDS. Yes, sir.

The CHAIRMAN. You want $150,000 where $180,000 appears and $30,000 where $25,000 appears?

Capt. REYNOLDS. Yes, sir.

PUBLIC BUILDINGS.

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Mr. WETMORE. I know; but the $18,600,000 is not limited to construction work.

The CHAIRMAN. To what is it limited?

Mr. WETMORE. It requires not only the construction of the hospitals but also the furniture and equipment, and the furniture and equipment have not yet been taken up.

The CHAIRMAN. Why not wait until that is exhausted?

Mr. WETMORE. It will require all of that balance to equip the hospitals.

The CHAIRMAN. How do you know?

Mr. WETMORE. I know what it costs per bed and I know what they have not done. There is only one hospital out of the whole lot for which an equipment allotment has heretofore been authorized.

The CHAIRMAN. I can not quite get it into my head why, with an appropriation of $18,600,000, $861,000 of which has not been allotted, you come here asking for money to do the things for which money was appropriated.

Mr. WETMORE. This is in connection with additional work on the old buildings to provide additional facilities.

The CHAIRMAN. That is what this is for?

Mr. WETMORE. This is for remodeling and repairing present buildings to make them further suitable.

The CHAIRMAN. This is not to increase the facilities?

Mr. WETMORE. It will increase the facilities incidentally. The alteration of the mess hall and remodeling the existing buildings would incidentally provide 60 additional beds.

The CHAIRMAN. In which one?

Mr. WETMORE. Alexandria.

The CHAIRMAN. Why, then, require the money to be set aside out of the other appropriation, and then, when you get through, come back here?

Mr. WETMORE. The appropriation is not sufficient.

The CHAIRMAN. The best way to do that is, when you find it is not sufficient, after you get through, come back here.

Mr. WETMORE. I am absolutely certain that the amount they have reserved is not more than sufficient to provide the furniture and equipment. The act requires everything essential to the hospital complete to be paid out of the $18,600,000. It is possible that Mr. Stratton and Dr. Maddox of the Public Health Service can give you some additional information as to the necessity for the expenditure.

The CHAIRMAN. What is the size of this institution now?

Dr. MADDOX. It is a typical Army base hospital of 500 beds. It has a capacity of more than 500 beds, and is composed of temporary buildings. That [exhibiting] is a very small plot plan. This is the group of buildings. These wards are used. That is the mess hall, and here is the administration building.

The CHAIRMAN. What are you trying to do?

Dr. MADDOX. There was a fire down there that burned this mess hall and burned these three wards.

The CHAIRMAN. How long since?

Dr. MADDOX. About a year ago.

The CHAIRMAN. What have you been doing since?

Dr. MADDOX. It was full of patients. They had to do something. They vacated the wards and made them into a temporary mess hall and kitchen, to provide for everything of that kind. This new mess hall was constructed. Though reconstructed largely on the line of

the old mess hall it was found later that there were other messes that could be combined with that mess, and instead of running four or five the food could all be cooked and served in the same kitchen by slightly increasing the size of the building.

The CHAIRMAN. The construction has been completed?

Dr. MADDOX. Not all; partly. The original plant has been completed.

The CHAIRMAN. What do you want to do?

Dr. MADDOX. Increase the size of the mess hall and improve some of those buildings and remove those patients into the wards.

The CHAIRMAN. They are not now being used for patients?

Dr. MADDOX. They were not when I was there.

The CHAIRMAN. How many patients were disturbed as the result?

Dr. MADDOX. Of course the fire destroyed actually three wards and they have not been rebuilt.

The CHAIRMAN. You think it is necessary to restore them?

Dr. MADDOX. Yes, sir.

The CHAIRMAN. Is it necessary to restore them right now—this minute? Have you any vacant beds there? How many vacant beds are there?

Mr. STRATTON. There are 39 more patients than beds.

Dr. MADDOX. These big base hospitals are variable as far as their capacity is concerned. They are very large and you can always put a few more beds in a ward, but it is not always desirable.

The CHAIRMAN. What will be the effect of the expenditure of $25,000 there?

Dr. MADDOX. Suppose we abandon it in, say, two and a half years, we will have had the use of 550 or 600 beds in good condition for that length of time.

The CHAIRMAN. You would have them anyway.

Dr. MADDOX. Well, I would not like to admit that, because it is going to cost us more money every day to operate the place. You take this question of running a lot of messes, if we could have all the cooking done at one place and have all the service in the mess hall we could save money. There would not be so many cooks needed, there would not be so many orderlies needed, there would not be so much waste, and there would be saving in the kitchen itself.

The CHAIRMAN. Are all of these World War patients?

Dr. MADDOX. Practically all; yes, sir.

Mr. WETMORE. Our superintendent, Mr. Trott, was sent down there, and here is a paragraph from his report:

Supt. Trott, who visited the station for investigation purposes, states that, in view of the desire to limit the request for a special appropriation to such items as are considered an emergency and indispensable to the continuance of the present activities of the hospital, it has been agreed upon that an extension to the present mess halls will permit the vacation of a sufficient number of buildings to provide one ward for the isolation of infectious cases and the conversion of other buildings into wards to temporarily replace wards 2, 4, and 5. The estimate of the appropriation for repairs and remodeling of existing buildings is $20,000; for alterations and extension of mess hall, $20,000; and then there is an incinerator, repairs, etc., $5,000.

The CHAIRMAN. The whole thing before us is $25,000?

Mr. WETMORE. Alterations and extension of sanitarium, $20,000, and incinerator, $5,000—$25,000.

Mr. SISSON. This hospital will be temporary?

Dr. MADDOX. Yes, sir.

Mr. SISSON. What do you mean by that? What are you going to do with the patients in this hospital and others like it; where will you put them?

Dr. MADDOX. In the new hospitals built with the $16,000,000.

Mr. SISSON. Where is that hospital?

Dr. MADDOX. It has not been built yet.

Mr. SISSON. Do you know when it will be built?

Dr. MADDOX. No, sir.

Mr. SISSON. In other words, if this is going to be a temporary proposition and will only be used about two years, I do not think that we should spend $25,000.

Mr. WETMORE. It would be a cheap proposition, less than $1,000 a bed. Sixty additional patients would be taken care of for $25,000.

Dr. MADDOX. $500 a bed for two years would make it $250. That is only sixty-odd cents a day. If we had to take those men out and put them into contract hospitals, in the first place, there are not the hospitals and, in the second place, you could not rent the beds for anything like that.

Mr. SISSON. We have been building hospitals for five or six years, and I have never found one yet absolutely completed. What has happened to the one in Chicago—the Speedway Hospital?

Dr. MADDOX. That is occupied.

Mr. STRATTON. At Maywood they have 883 patients.

Mr. SISSON. What is the capacity?

Mr. STRATTON. Nine hundred and twenty-five.

The CHAIRMAN. We have recently had a statement in regard to that.

Dr. MADDOX. If the hospital had been constructed for patients only and no quarters provided for personnel, of course the hospital would have held more patients. It is absolutely necessary for the personnel of the hospital to live at the hospital. That is not a luxury; it is a necessity, and is done in every hospital in the country.

HOSPITAL NO. 48, ATLANTA, GA.—REPAIRS AND ALTERATIONS.

The CHAIRMAN. The next item is, "Atlanta, Ga., Public Health Service Hospital No. 48: For repairs and alterations of existing plant, $15,000." Please tell us what that consists of.

Mr. WETMORE. Alterations are necessary in a number of buildings to provide dining-room space and recreation facilities for patients.

The CHAIRMAN. How large a hospital is this?

Dr. MADDOX. It has a capacity of 105 beds.

The CHAIRMAN. How long has that been in existence?

Dr. MADDOX. We purchased it about two years ago.

The CHAIRMAN. How much money have you spent on it since you purchased it?

Mr. STRATTON. There has been about $3,000 only for repairs.

The CHAIRMAN. How much was the original cost of the property?

Mr. STRATTON. I have not that record.

The CHAIRMAN. What is the $15,000 to be used for?

Dr. MADDOX. Increasing the dining-room space.

The CHAIRMAN. What is the matter with the dining room now?

Dr. MADDOX. It is not big enough.

The CHAIRMAN. It was big enough when you bought it?

Dr. MADDOX. No; I think it was bought as a remodeled institution.

The CHAIRMAN. What was the building originally?

Mr. STRATTON. A sanitarium.

The CHAIRMAN. The dining room seems to have been all right?

Dr. MADDOX. I would want to look it up and see the capacity.

The CHAIRMAN. Why do you want a recreation hall?

Dr. MADDOX. It is necessary to have some place for those patients to go besides being in the open air.

The CHAIRMAN. I should think they would like to go into the open air.

Dr. MADDOX. Yes, sir; they do, but at night——

The CHAIRMAN (interposing). This is sort of a theatrical shop?

Dr. MADDOX. It is a place for them to meet and have entertainments of various kinds.

The CHAIRMAN. Can not they meet in the dining hall? Is not that a good place for them after the meals are over? We used to meet in places like that and did not mind it.

Dr. MADDOX. I do not know. That is found to be not very desirable.

The CHAIRMAN. Why?

Dr. MADDOX. Because they come in and sit all over the dining room tables—you have to push the tables all to one side.

The CHAIRMAN. That would not be much, to push the tables to one side.

Dr. MADDOX. You have to take all the things off the dining room tables.

The CHAIRMAN. You do not have anything much on the dining room tables—you do not mean food?

Dr. MADDOX. No; not the food.

The CHAIRMAN. Do you not think that you could dispense with the expenditure of this $15,000 very readily without hurting anybody's feelings or destroying their morale? You want to remember one thing, that the taxpayers are paying these bills.

Dr. MADDOX. I know that, sir.

The CHAIRMAN. They are struggling pretty hard to find something to eat themselves. They will be glad to get something to eat without recreation. I am not in favor of spending any money for recreation facilities right now out of the pockets of the taxpayers.

Dr. MADDOX. This is for some small rooms in the basement at a cost, apparently, of $1,400.

The CHAIRMAN. Only $1,400. What about the $15,000? Do you only want $1,400?

Dr. MADDOX. No; we want more than that. It is $1,400 there. They need, of course, at Atlanta a new brick building.

The CHAIRMAN. They need everything that the Treasury can supply. It is only a question of how long the Treasury can stand by what they need.

Dr. MADDOX. There is a lot of repairs, a lot of remodeling in the dining room.

The CHAIRMAN. You did not say that you wanted to remodel the dining room.

Dr. MADDOX. Remodel and repair two rooms. I notice that this came from the station along in July last year.

The CHAIRMAN. You have been getting along since that time without much trouble?

Dr. MADDOX. While they have been getting along, I could submit figures that money would be saved in the operation of the hospital.

The CHAIRMAN. If you want to make a good case, you should have those figures with you.

Dr. MADDOX. I should like to say that Dr. Larinder should have come in my place, but he is sick.

The CHAIRMAN. He would not have done any better than you. I think we will take you as a good substitute.

Dr. MADDOX. I am doing the best I can.

HOSPITAL NO. 52, BOISE, IDAHO.

REPAIRS TO PASSAGEWAY, PORCHES, ETC.

The CHAIRMAN. The next item is—

Boise, Idaho, Public Health Service Hospital No. 52: For repairs to passageway and porches; concrete walks, screening of wards, and for refrigerating plant, $15,000.

How many sidewalks have you to build, how many passageways to repair, what do they consist of; how many wards have you to screen, how much screening will it take, and how much is the screening worth a yard?

Dr. MADDOX. There are 28 buildings—7 stone, 9 brick, and 11 frame.

The CHAIRMAN. In Boise??

Dr. MADDOX. Yes, sir; Government owned.

The CHAIRMAN. How long have you been there?

Dr. MADDOX. That is a temporary loan from the War Department for an indefinite time; we are using it.

The CHAIRMAN. How long have you been using it?

Mr. STRATTON. About a year and a half, I think.

The CHAIRMAN. Is that for remodeling?

Dr. MADDOX. Yes; it is for remodeling.

The CHAIRMAN. Was there any part of the $18,600,000 allotted to the rehabilitation of this building?

Mr. WETMORE. No, sir; none at Boise. There was some allotment at Alexandria, but none for these other cases.

The CHAIRMAN. These hospitals will not be completed under the allotment out of that appropriation for a year or two?

Mr. WETMORE. That hospital is very nearly completed now Whipple Barracks is only two or three months off. The equipment is going in.

The CHAIRMAN. That may be true in one or two cases, but many of them will not be completed for two years.

Mr. WETMORE. Of the $18,000,000?

The CHAIRMAN. Yes, sir.

Mr. WETMORE. The only possibility of any hospital not being completed in two years will be in the case of one or two hospitals not yet authorized.

The CHAIRMAN. Tell us about the Boise Hospital.

Mr. WETMORE. The necessity for this work is repairs to passageway and porches, which will provide for 20 additional beds, and facilities for serving meals to infirmary patients. The walks are necessary to permit prompt handling of food carts, and so forth.

The CHAIRMAN. How much does it cost?

Mr. WETMORE. Repairs to passageway and porches, $1,600.

The CHAIRMAN. How many walks have they?

Mr. WETMORE. I do not know how many square yards there may be or what the distances are.

The CHAIRMAN. It is $1,600 for the passageway and porches?

Mr. WETMORE. Yes, sir. Concrete walks, $5,600; refrigerating plant, $6,000—that is for the institution—and screening of wards, $1,800.

The CHAIRMAN. How much for the refrigerating plant?

Mr. WETMORE. $6,000.

Mr. THOMPSON. The plant will be about 5-ton capacity.

The CHAIRMAN. Is that necessary, can not you get ice?

Mr. THOMPSON. They buy ice there now.

The CHAIRMAN. They have winters up there?

Mr. THOMPSON. Yes, sir.

The CHAIRMAN. And they grow ice every winter and it gets very thick. Why build a plant when it does not cost as much for natural ice as for artificial ice, which will do the same kind of work?

Mr. THOMPSON. As an improvement in operating the hospital it is desired to have this refrigerating apparatus.

The CHAIRMAN. It may be more desirable, but do you ever stop to consider the Treasury at all? I do not see that anybody considers it except the people sitting around on this side of the table. It seems to me that we must get some cooperation from somebody in the interest of the Treasury. I do not know whether you know it or not, but the estimates before us are $250,000,000 more than the revenues, and we must see that the appropriations do not exceed the revenues. I do not think that anybody ever tries to visualize that except us, and we certainly must get cooperation somewhere, or we will have to take the ax method of reducing the estimates.

Mr. SISSON. I think that the business people and taxpayers generally are stirred up more than they have ever been before on the subject of Federal taxation. Heretofore there has been very little controversy about Federal taxes, but the people are certainly up in arms about it now.

The CHAIRMAN. Of course, we want to furnish all necessary facilities for care of these men, but in providing the facilities we should use common sense, and we should not do for them what we are not doing for others, or we should not do things that are not essential to their comfort.

Dr. MADDOX. This refrigerator is to cool the ice box itself. I do not think we will make very much ice there.

The CHAIRMAN. They can get ice there without making it. Ice is one of the natural products up there. Of course, down at Atlanta, Ga., and New Orleans, you could not procure ice in that way.

Dr. MADDOX. It costs money to keep ice in those boxes, and it means additional attendants in handling the ice and cutting it.

The CHAIRMAN. I know what you have to do when you put ice in boxes. When the great packing plants all over the United States ice cars in making shipments, they do not find it necessary to build artificial plants to make the ice. I furnish ice at my place all the time, and we cut it. We are glad to get the chance to cut it. You can cut it, and it will be cheaper than providing all these other things.

Mr. WETMORE. We have included in this estimate $6,000 for a refrigerating plant, and if this is taken out the item will be $9,000.

The CHAIRMAN. What else is in it?

Mr. WETMORE. Repairs to the passageway and porches, $1,600; concrete walks, $5,600; refrigerating plant, $6,000; and screening wards, $1,800, making $15,000.

The CHAIRMAN. Do they have flies and mosquitoes at Boise?

Dr. MADDOX. They have to have the wards screened. I presume that is needed.

The CHAIRMAN. I thought they had no trouble of that sort in that high altitude.

Dr. MADDOX. If I am not mistaken, there is one of those posts that had a corral that was being used by the War Department.

The CHAIRMAN. Are horses kept there?

Dr. MADDOX. Yes, sir.

The CHAIRMAN. What does that have to do with this?

Dr. MADDOX. It brings flies.

Mr. SISSON. If they have horses close by, they should be screened.

The CHAIRMAN. How about the sidewalks? Are they necessary?

Mr. WETMORE. The purpose is to facilitate the handling of food in carts.

The CHAIRMAN. You do not carry the food over sidewalks, do you?

Mr. WETMORE. That is what they say.

Mr. SISSON. I think that the screening may be important, but I do not think these other things should be handled in a deficiency bill.

Dr. MADDOX. These people are there in bed, and the cooking has to be done over there [indicating]. The food has to be cooked and carried by carts from over here [indicating] and distributed. There are only serving kitchens over here [indicating].

The CHAIRMAN. Do you not think it is far more attractive to see the surface of the earth than to have it encumbered with this stiff, rigid, sidewalk material? When you go into the country you want to see the green grass and the blue sky instead of pavements and sidewalks.

Dr. MADDOX. These food carts have a tread about 1½ inches wide and when loaded with food the weight is about 450 pounds.

The CHAIRMAN. How long has this hospital been in existence?

Dr. MADDOX. Two years.

The CHAIRMAN. You have had no trouble in handling the food so far, have you?

Dr. MADDOX. Yes, sir; I think they have had trouble there.

The CHAIRMAN. Do they not get good food?

Dr. MADDOX. I do not think they complain of the food, but they have not the proper facilities. This is a permanent post, and money expended here is on Government-owned ground.

Mr. SISSON. It has been loaned to you, and we do not know whether it has been dedicated to this purpose or not. Of course, it will require legislation to finally dedicate it to another purpose.

Dr. MADDOX. It is just one of the facilities that is needed. We need these runways for the food carts.

The CHAIRMAN. You could build that with planks. It is not necessary to construct concrete walks for that purpose. It would be easy enough to get a few planks and put them under those carts and it would not cost very much, if anything, to do that.

Dr. MADDOX. Mr. Thompson, how much would it cost to lay that much boardwalk, instead of cement walks?

Mr. THOMPSON. I should say about 20 per cent.

The CHAIRMAN. It would not cost that much.

Mr. THOMPSON. It would not cost not more than that, I should say.

HOSPITAL NO. 36 AT BOSTON, MASS.

REPAIRS AND EXTENSIONS.

The CHAIRMAN. The next item is—

Boston, Mass., Public Health Service Hospital No. 36: For repairs and extension of existing facilities, including mechanical work, and painting, grading, etc., $15,000.

What will you do here?

Mr. WETMORE. This is for additional accommodations needed for the ambulances and trucks at present standing out in the weather. The interior plaster and painting are in urgent need of extensive repairs. This property is leased, and the repairs provided for in this estimate will in any case have to be made before the property is returned to the owner. Completing the garage is estimated to cost $2,000.

The CHAIRMAN. Is this for a garage? I thought you said it was a hospital.

Mr. WETMORE. It is to provide additional accomodations needed for ambulances and trucks at present standing out in the weather. It is for the motor equipment of this hospital.

Mr. GALLIVAN. I happen to know something about this, and the thing that is needed worst is not included at all. All of the sanitary arrangements are out of order, and they have been in a bad way for some money to fix up the sanitary plant there. I do not know anything about these items here.

The CHAIRMAN. This is only for a garage.

Mr. GALLIVAN. The estimate seems to be $15,000.

Mr. WETMORE. The items are, for completion of the garage, $2,000; extension of heat, water, and light services to garage and occupational therapy building, $2,000; painting inside Elk's Building, $8,000; and miscellaneous repairs, $3,000. It is leased property and must be kept in condition by the Public Health Service.

The CHAIRMAN. How long is the lease to run?

Dr. MADDOX. From year to year. I think it will run a year longer. This must be done anyway.

The CHAIRMAN. Why?

Dr. MADDOX. Because it must be in repair when returned to the owner.

The CHAIRMAN. Is it not in as good repair as when we took it over?

Dr. MADDOX. I think not.

Mr. WETMORE. There is one item of $8,000 for restoring the inside painting, and an item of $3,000 for miscellaneous repairs. The other two items are $2,000 for the completion of the garage and $2,000 for the extension of heat, water, and light services to the garage and the occupational therapy building.

Mr. SISSON. What is the contract in regard to repairs?

Mr. WETMORE. That is a contract made by the War Department.

Mr. SISSON. I can not be put in the attitude of appropriating money to improve private property, and I do not know what the contract provides.

Mr. BYRNES. You are proposing to construct a garage here?

Dr. MADDOX. It is not really a garage, but simply a shed.

The CHAIRMAN. It is the same thing as far as the Treasury is concerned.

Dr. MADDOX. It is not an ordinary garage.

The CHAIRMAN. The effect is the same on the Treasury.

Dr. MADDOX. Repairing the cars is an operating expense, and if the cars get rusted out they will require more repairs.

Mr. SISSON. I think that this sort of a proposition would be subject to a point of order anyway. An appropriation for improving somebody else's property certainly ought not to be in this bill.

Mr. WETMORE. There is a law justifying what you have done there. Nothing has been done here that is not authorized by act of Congress. They have had authority to take over from the War Department any hospital that the Public Health Service needed, and they took over the buildings under the leases. Those leases were already made before the Treasury Department took the properties over, and the War Department had a contract under which they were required to turn the properties back to the owners in the condition in which they were received. The Treasury Department falls heir to that burden.

The CHAIRMAN. How many patients are being provided for here?

Mr. GALLIVAN. Over 500.

Mr. STRATTON. Five hundred and thirty-two.

Dr. MADDOX. A part of the buildings were built by the Elks and rented to the Government for $1 a year. Then the mechanical utilities were provided by the Parker Hill Hospital, alongside it.

Mr. GALLIVAN. Is this money for the Parker Hill Hospital, or is it for the Elks' Reconstruction Hospital, which is just now connected with it by a shed?

Dr. MADDOX. It is for both places. It is simply making repairs to that plant.

Mr. GALLIVAN. The most essential thing is not mentioned here at all. The thing that they have been clamoring for, namely, the improvement of the sanitary arrangements, is not mentioned here. The plumbing, for instance, is in a bad way.

Dr. MADDOX. Is not that the West Roxbury Hospital?

Mr. GALLIVAN. No; it is the Parker Hill Hospital. When Col. Forbes was up there he gave us information about the condition of it, and said he had been trying for 15 months to get an appropriation to improve the sanitary arrangements at the Parker Hill Hospital. It was not the West Roxbury Hospital.

Dr. MADDOX. Here is the estimate made by the medical officer himself eight months ago, and it does not mention plumbing.

Mr. GALLIVAN. What is the date of it?

Dr. MADDOX. It is under date of July 18.

Mr. GALLIVAN. I know that for six months they have been hollering for some money to have the sanitary plant fixed up.

HOSPITAL NO. 52, FORT BAYARD, N. MEX.

REPAIRS TO BUILDINGS, ETC.

The CHAIRMAN. The next item is—

Fort Bayard, N. Mex., Public Health Hospital No. 55: For repairs to existing buildings, water tank for laundry, water main for fire protection, septic tanks, and additional mechanical equipment, $103,700.

The construction and remodeling of this hospital was provided for out of the $18,600,000 appropriation. I am sure of that.

Mr. WETMORE. Yes, sir; there was an allotment made of something over $800,000 out of that appropriation. This estimate of $103,700 is made up of things that were not included in what the allotment out of the $18,600,000 was intended to cover. Fort Bayard is an old Army post. I think it was an old Army post away back in 1867, or right after the Civil War, when they commenced to use it for hospital purposes. The War Department has used it as such ever since. Some of these gentlemen can tell you how many buildings are included there, but I know there is a very large number. These expenditures are intended mainly to take care of the old portion of the plant.

The CHAIRMAN. The whole thing was intended to be covered by the allotment out of the $18,600,000.

Mr. WETMORE. They provided additional hospital facilities down there, or a new outfit, but that does not take care of the items I would like to read to you showing what is included in this large expenditure.

The CHAIRMAN. It is not authorized by law?

Mr. WETMORE. There is no law that I know of that especially authorizes this.

The CHAIRMAN. The question is what right have we to enter upon new activities that are not authorized?

Mr. WETMORE. These are things that must be done at some time or other to make the plant what it should be.

The CHAIRMAN. But it does not have to be done now.

Mr. WETMORE. Some of it is very essential right now.

The CHAIRMAN. Then why did they not provide for it out of the $18,600,000?

Mr. WETMORE. I can not answer why the consultants did not give more money there, but they made an allotment for certain purposes there which are complete in themselves. The buildings we are building have their own proper services, so far as water, sewers, and light

are concerned, but these are improvements that relate to the old buildings. One of the items is $15,000 for a new water main for fire protection. In the report made by Mr. H. C. Russell, mechanical engineer in the Supervising Architect's Office, who was sent down there to see what the condition of this plant was, this statement is made under the head of "Fire protection":

With the exception of a few connections around the tanks, the main fire lines are 4-inch lines of considerable length. There is a storage capacity of about 625,000 gallons, but the 4-inch line with the limited heads (50 to 90 pounds, according to location) are absolutely inadequate.

They have two gasoline motor-driven fire engines, either of which can pump a 4-inch main dry.

The only change absolutely necessary for the infirmary is the possible relocation of a few fire hydrants.

For the proper protection of the station these 4-inch lines should be largely replaced with 8-inch lines, thus utilizing the present trenches as rock is encountered from 1 to 2 feet below grade.

Four or five additional fire hydrants on the hill near the reservoir are absolutely necessary if connected to the present 4-inch mains.

Under the head of "Fire alarm" he says:

The only fire alarm available now is the telephone. I recommend that standard type of closed-circuit electric fire alarm be installed with the necessary number of control boxes with gongs and indicators in the engine house and power house.

The estimate for the electric fire-alarm system covers also an additional 150-kilowatt generating set, $37,000.

The CHAIRMAN. You have fire-alarm system and water system—where does the rest of it come in?

Mr. WETMORE. The fire-alarm system and the additional generating set, or the two together, amount to $37,000.

The CHAIRMAN. What is the matter with the present electrical plant?

Mr. THOMPSON. The report indicates that the present generating apparatus will just about take care of the present stations, and they are adding this new infirmary building, which will overload it.

The CHAIRMAN. The new infirmary building is being paid for out of the $18,600,000 appropriation, and these other things should be paid for out of that appropriation. We have no authority that I can see to provide for all of this additional work. You should have gone to the Committee on Public Buildings and Grounds, it seems to me, with this matter.

Dr. MADDOX. These are simply repairs, chiefly. The old plant needed repairs when we took it over.

Mr. BYRNS. It seems to me that the board in making its allotments should have taken these things into consideration.

Mr. SISSON. Did they make no provision for heating and lighting the building?

Mr. WETMORE. They made no provision for enlarging the plant to supply the entire station.

Mr. SISSON. Did they build the plant just large enough to supply the old buildings, or are the new buildings to be provided for from the same old plant?

Mr. WETMORE. Yes, sir.

Mr. SISSON. When they made their arrangements for this $800,000 building, they should have arranged for taking care of it in connection with this plant.

Mr. THOMPSON. They probably thought that the $800,000 allotment would cover it, but it did not.

Mr. WETMORE. I do not know whether they thought that, or not, but we do know that the allotment did not cover it. They said what they wanted to have done with each amount of money that was allotted. They did not say, "Plan it and provide for what you think is necessary."

The CHAIRMAN. They are to blame for this situation, and they should not be permitted to come here for a deficiency.

Mr. SISSON. If they had the plans and specifications prepared by the Supervising Architect's Office, as they were authorized to do, and the Supervising Architect carries them out, then they are to blame for the failure to have the plant connected up with the new buildings.

The CHAIRMAN. Did the board that made this allotment of $800,000 for the construction make this estimate?

Mr. WETMORE. No, sir.

The CHAIRMAN. Who made it?

Mr. WETMORE. Our office made this estimate on the request of the Public Health Service. We sent a man down there to look into the situation and to see what was absolutely necessary. We find that it is necessary to improve the dairy barn and to make some improvements in the farm buildings there. That item amounts to $1,500, and there is an item of $15,000 for a new water main for fire protection.

The CHAIRMAN. Why were not all these things figured on when they started to build?

Mr. WETMORE. I do not know.

The CHAIRMAN. Why did you not make the calculation when you were spending the $800,000?

Dr. MADDOX. We are not spending that.

The CHAIRMAN. Who is spending it?

Dr. MADDOX. The White committee. We have not had anything to say about it.

The CHAIRMAN. What have you to say about this now? This board is still in control, is it not?

Dr. MADDOX. They are still in control of the $18,600,000.

The CHAIRMAN. Then why do they not come here and tell us why they did not do certain things? Why should you come here and take the stand and let them escape the odium of their iniquities?

Dr. MADDOX. We are obliged to operate the hospitals, which are full of sick people. We must operate the very best we know how.

The CHAIRMAN. If one board can take one phase of a thing and another board another phase of it, then as soon as one board makes a mistake in not doing the things for which they got the money they can simply send in another board to fill up the gap.

Mr. WETMORE. This appropriation of $18,600,000 does not require them to do any particular things in any particular way, but it is to furnish additional hospital facilities. In putting in the additional building here I do not presume they felt that they should put in a new electrical plant to take care of these 300 buildings, or that they should put in a new fire-alarm system and fire-protection system to take care of everything there. They put up a building which is com-

plete in all its interior arrangements, so far as lighting, radiation, and things of that kind are concerned.

The CHAIRMAN. What would happen if those things were not provided in any other way; would they not have to provide them?

Mr. WETMORE. Yes, sir.

Mr. SISSON. They should not come here and say, "We will construct a building for so much," because how do we know that the building will be in shape for use when they use the money? In other words, if an allotment or appropriation is made to them of $800,000 to construct a building, what assurance have we that when they spend the money an additional $100,000 will not be required to make the building usable?

Mr. WETMORE. It is very likely that there will be estimates made for keeping up the property, because it is a large institution and an old one. It is an expensive institution to keep up. These expenditures proposed here will put the property in such shape that the lives of the patients and other persons there will not be put in jeopardy so far as water for fire protection and fire alarm protection are concerned. There is also an item of $25,000 for a new septic tank.

The CHAIRMAN. How have you been getting along with that up until now?

Mr. THOMPSON. There is a septic tank there now, but it is not large enough.

The CHAIRMAN. How many patients are there?

Mr. STRATTON. The capacity at the present time is 1,120.

The CHAIRMAN. It is the reckless negligence displayed in the provision of these facilities that disturbs me. I do not know how they could be adequately censured for this neglect. They have not the first conception of what it means to spend a dollar. They ought to be given the right to write prescriptions, but somebody else should spend the money, or somebody who knows how to do it.

Mr. WETMORE. They have proceeded entirely upon the theory that they have no right to make repairs, and everything has been new. They have given us no money with which to do anything in the way of providing facilities of this kind. They go into an Army camp, as they did at Fort McKenzie, and out of a large number of buildings they pick out a few to be handled.

Mr. GALLIVAN. If you have any doubt as to whether these things come under that board, why should we bother with them?

The CHAIRMAN. Of course, we ought to hear what we can and get the testimony.

Mr. WETMORE. I have no doubt that Dr. White would be glad to appear before the committee. He is a Pittsburgh physician; he is not here in Washington, except as he comes on this business, but undoubtedly he would come on call.

The CHAIRMAN. We have no time to wait for Dr. White.

Dr. MADDOX. He will be here Monday.

HOSPITAL—FORT MACKENZIE, WYO.

REPAIRS AND ALTERATIONS TO BUILDINGS.

The CHAIRMAN. Let us take up the item for Fort Mackenzie, Wyo., "for repairs and alterations of existing buildings, mechanical

equipment, approaches, etc., $100,000." Here is another case of the board allotting money to put up a hosiptal and then coming here to get more money.

Mr. WETMORE. Out of the allotment that was made at Fort Mackenzie my office has done everything the board has directed to be done in order to make the plant effective.

The CHAIRMAN. How much did they give to Fort Mackenzie? Did they not take some money from Fort Mackenzie and give it to some other place?

Mr. WETMORE. $600,000 was allotted for two hospitals and they gave $495,000——

The CHAIRMAN (interposing). To Walla Walla?

Mr. WETMORE. Yes, sir.

The CHAIRMAN. Instead of dividing it they took that much from Fort Mackenzie, and now they ask for more money.

Mr. WETMORE. I presume they gave it where they thought it was most needed—I do not know about that. But I do know they gave more to Walla Walla than to Fort Mackenzie. They specified what they wanted done at Fort Mackenzie and we have done it, and now it is practically brought to completion.

The CHAIRMAN. For what purpose do you want this $100,000?

Mr. WETMORE. With this expenditure you will get nearly a double bed capacity. It is remodeling, repairs, and alterations of the existing building, mechanical equipment, approaches, etc. The $100,000 is made up in this way: Remodeling building No. 4, occupational, $7,450; remodeling building No. 5 for quiet patients, $5,040; remodeling building No. 6, ward and outside attendants, $7,610; remodeling building No. 113, laundry, $2,000; remodeling building No. 56, garage, $1,000; connecting corridors, 750 linear feet, $10,400; repairs to 19 buildings for administration, personnel quarters, recreation, $4,500.

The CHAIRMAN. How much for recreation?

Mr. WETMORE. It can not be very much, because for the whole 19 buildings the cost is $4,500, and I do not have that segregated; repairs to locks, $500; repairs to service roads, $1,470; rehabilitation of electric service system, $500; improvement of telephone system, $3,500; hose reels for fire protection, $1,500; ranges, hot-water tanks, new toilet fixtures, etc., for 19 buildings, $6,500; mechanical equipment for building No. 4, $5,800; mechanical equipment for building No. 5, $4,900; mechanical equipment for building No. 6, $2,000; septic tank for sewage disposal, $10,000; laundry equipment, $2,000, and contingencies, $5,330. I think there are two items in there that should come out. Have we not taken care of that telephone matter?

Dr. MADDOX. No; not yet.

Mr. SISSON. What was the original appropriation for the Fort MacKenzie Hospital? I understand the total for the two hospitals was $600,000.

The CHAIRMAN. Yes.

Mr. WETMORE. Originally they gave us $103,000, but they gave us more since; we have had $108,000.

Mr. SISSON. Of the $600,000, $495,000 was given to some other place.

The CHAIRMAN. Walla Walla.

Mr. SISSON. Is that correct—$495,000?

Mr. WETMORE. Yes, sir.

Mr. SISSON. Of that you were to have $105,000?

Mr. WETMORE. Yes.

Mr. SISSON. That amount, plus the $100,000, would be $205,000.

Mr. WETMORE. But we did not get $105,000; they gave us $103,000 and then afterwards took money away from Walla Walla and gave us $5,000, so that we got $108,000.

Mr. SISSON. They took it and then gave it back?

Mr. WETMORE. Yes, sir. We have had $108,000 altogether.

Mr. SISSON. And this $100,000 would make $208,000?

Mr. WETMORE. Yes, sir.

Mr. SISSON. Is this an old fort that they are making into a hospital?

Mr. WETMORE. It is an old Army post made up of permanent buildings; they are fine brick buildings.

Mr. SISSON. Has it been permanently turned over?

Mr. WETMORE. Yes, sir.

Mr. SISSON. That becomes a hospital absolutely and there is to be no flareback?

Mr. WETMORE. The bill carrying the $18,600,000 specially mentions Walla Walla and Fort MacKenzie.

Mr. SISSON. That having been the program it looks to me as though the people who made this allotment of $495,000 to Walla Walla and $105,000 to Fort Mackenzie did not intend to do this work for the $105,000.

Mr. WETMORE. Not originally; they could not have intended to do it.

Mr. SISSON. In other words, they made a certain allotment of this money for the purpose of getting the work under way with the idea of coming back to Congress for more money.

Mr. WETMORE. With this money they will get more beds.

Mr. SISSON. If there is anything on this earth that has buncoed Congress since I have been here, it has been the use of the sick, the wounded, the lame, the halt, and the blind. They use them to do things for which Congress would not stand if it were for anything else, and that is why I asked about this. They had this $600,000: they took it and gave $495,000 to Walla Walla and $105,000 to Fort Mackenzie, no doubt with the idea in mind of coming back and asking Congress for more, and that is just what they are doing: they are asking now almost as much as they allotted in the first instance—$100,000 as against $105,000.

Mr. WETMORE. Of course this is for the purpose of providing more beds.

Mr. SISSON. Of course it should be for more beds. In other words, I take it for granted that you are not fixing up this hospital for the purpose of making a nice pleasure resort, because if you are we should know it. There is only one conclusion that can be drawn about this—that either Congress is being buncoed or the people who made these estimates did not know what they were doing when they asked for the money in the first instance.

Mr. WETMORE. If the allotment had been larger for Fort Mackenzie and less for Walla Walla by $100,000, you would have had about a 250-bed hospital at this place, but a smaller hospital at Walla Walla. You have all the beds you can get out of the $600,000 at the two places.

Mr. SISSON. They ought not to make an allotment of this kind and then come back and ask for more money.

Dr. MADDOX. The Public Health Service did not make this allotment.

Mr. SISSON. But you people are speaking for it. We are not censuring anybody except the people who are to blame, but the people who are to blame for it are not here, and I would like to have them before us.

Dr. MADDOX. Here is a hospital that needs these additional beds, 156 additional beds, and it is a good, Government-owned hospital outright.

Mr. SISSON. I am not disputing that in the least.

Dr. MADDOX. And any additional money spent on it will provide that many more beds.

Mr. SISSON. I am not talking about that, and I am willing to admit that is all true. That is not the point. The point is that you come here asking for just as much money as you had before in the form of a deficiency.

Mr. WETMORE. No; this is not a deficiency.

Mr. SISSON. This is a deficiency bill, and if it is not a deficiency it ought not to be included in the bill.

Mr. WETMORE. I have but one deficiency item before you to-day; these others are supplemental appropriations.

Mr. SISSON. If I were chairman of the committee, these things would not go in the bill; you would have to take them somewhere else.

The CHAIRMAN. It seems to me they will have to get legislative authority for those.

Mr. WETMORE. There is not an item in here that would ordinarily require us to go to the Committee on Public Buildings and Grounds, because there is no new construction.

The CHAIRMAN. But they are not deficiencies.

Mr. WETMORE. No; they are not deficiencies. They are put in under the head of supplemental estimates.

The CHAIRMAN. The Treasury bill for next year, as you know, has been passed.

Mr. SISSON. That makes the bill, of course, a farce.

The CHAIRMAN. We will get as much testimony on this as we can and then the committee will decide.

HOSPITAL NO. 26, GREENVILLE, S. C.

REPAIRS AND ALTERATIONS TO BUILDINGS.

The CHAIRMAN. Greenville, S. C., Public Health Service hospital No. 26: For repairs and alterations of existing buildings, with incidental mechanical and approach work, $20,000. Tell us about that.

Mr. WETMORE. That is an Army camp that was taken over and converted into a Public Health Service hospital. The buildings are of temporary character and the mechanical equipment put in under the War Department was abused, of course, because of inexperienced and incompetent men to operate the plant during the time it was used as a camp, and deterioration, due to further use and not sufficient repairs and upkeep on it, is responsible for a part of this proposed expenditure. The items are: Remodeling and repairing open-

air wards to provide dressing rooms, $2,000; solaria and remodeling in connection with four wards, $2,000; incinerator, $3,500; construction of storage space for motor transportation and machine shop, $3,000; and conditioning buildings for personnel, four, at $2,500, $1,000. This, as I say, is an Army camp of about 87 buildings of temporary construction which require continual and extensive repairs. The work contemplated by the above expenditure includes the furnishing of dressing-room space in open wards, solaria, incinerator, necessary shop work, and storage space, etc.

The CHAIRMAN. You estimate $2,500 apiece for remodeling four houses?

Mr. WETMORE. Yes, sir; four buildings for personnel.

The CHAIRMAN. You could build them for that, could you not?

Dr. MADDOX. The officers have to live on the place, although now some of them are probably living at Greenville.

The CHAIRMAN. What is the character of the houses now?

Dr. MADDOX. Well, they are not very good. We have had to build a lot of small bungalows. They started out by using the Army barracks and then built a lot of small quarters.

The CHAIRMAN. You had control of these buildings when the estimates for the annual bill came in, did you not?

Dr. MADDOX. Yes, sir.

The CHAIRMAN. You knew exactly what the condition was then, did you not?

Dr. MADDOX. I do not know why that was not included.

Mr. STRATTON. At the time the annual bill was passed the work on buildings of this character was not under that appropriation.

The CHAIRMAN. Yes; it was. All the Public Health Service buildings are under that appropriation, under the Treasury bill.

Mr. STRATTON. No.

Mr. WETMORE. No; there was a separate appropriation.

Dr. MADDOX. There was a separate appropriation to take care of all these temporary camps.

Mr. WETMORE. In the act of 1919 $750,000 was carried in section 2 of the act, for the remodeling, repairing, etc., of the buildings in the camps, etc., mentioned in that section. That section said that the Secretary of the Treasury should take over permanently the following, and named a lot of Army camps and such other hospitals as the War Department might transfer. Greenville was one of the Army camps taken over. An appropriation was provided in that second section of the act of 1919 and that appropriation has long been exhausted.

The CHAIRMAN. And they were under the control of the Public Health Service when the Treasury appropriation bill was passed?

Mr. STRATTON. At that time.

The CHAIRMAN. It is only about a month ago that it was passed.

Mr. STRATTON. That is for work on them in 1923 while this is for this year.

The CHAIRMAN. I know, but this is for any time you get it, whether it is this year or not.

Mr. STRATTON. But we need it for this year.

Mr. SISSON. You have not anything for these proposals in the Treasury bill, have you?

The CHAIRMAN. Not for these particular things, but for other things similar to these.

Mr. SISSON. I was wondering whether there was any money in that bill that might be used for these propositions?

Mr. WETMORE. When we reach that year's appropriation; yes. You will recall that I brought to your attention the decision of the comptroller in which it was held that they could not continue to use Public Health Service appropriations for repairs, etc., where the buildings belonged to the Government, and threw the cost on to "repairs and preservation," and the committee proposed to make the appropriations of the Veterans' Bureau continue to take care of some of these places.

Mr. SISSON. I would like to have my question answered, because I think it is important to know whether or not these particular items are provided for in the next bill.

Mr. WETMORE. You mean specifically provided for?

Mr. SISSON. Yes.

Mr. WETMORE. No, sir; not specifically.

Mr. SISSON. Is there any fund that could be used for this purpose?

The CHAIRMAN. Yes; I will tell you where that fund is. I do not know whether it is $285,000,000 or $385,000,000.

Mr. WETMORE. $385,000,000.

The CHAIRMAN. Whatever the amount, the Veterans' Bureau was authorized to allot it to the Public Health Service for the purpose of being applied to this kind of thing.

Mr. WETMORE. I do not know how much you authorized, but what we asked for was $450,000 on account of repairs and preservation and $285,000 on mechanical equipment.

Mr. SISSON. This bill will not pass the House for 10 days or two weeks, and then it will have to pass the Senate. Of course, you can not tell how long it will take there.

The CHAIRMAN. It will have to be a law before the 15th of March, because on the 15th of March the Veterans' Bureau will be out of money.

Mr. SISSON. If we get this bill enacted into law before the 15th of March we will be doing pretty well.

The CHAIRMAN. They have the money in the Veterans' Bureau out of which this can be done next year. I did not think about it until you asked your question, but they have it, and it is foolish for us to be considering these problems here.

Mr. SISSON. That is why I raised the question at this particular moment. It just occurred to me.

The CHAIRMAN. I am glad you raised it; I should have raised it long since, but I did not think about it. When the Public Health Service was before us while we were considering the Treasury bill, and Mr. Wetmore was before us, we were doubtful about the wisdom of making an appropriation direct to the Public Health Service for the things which Mr. Wetmore and the Public Health Service wanted. We were making a lump-sum appropriation of several hundred million dollars to the Veterans' Bureau, and they were getting the advantage of these expenditures through the Public Health Service, so we finally made up our minds to put it in the Veterans' Bureau with instructions to allot it for this specific purpose, so you have no case here at all.

Mr. WETMORE. Many of these items would not come under that head.

The CHAIRMAN. Yes they would.

Mr. WETMORE. That refers to repairs.

The CHAIRMAN. And this is for repairs.

Mr. WETMORE. Some of it is and some of it is not. Some of these cases would very well come under the head of repairs, but take an item for the construction of storage space. We could not do that out of a repair appropriation.

The CHAIRMAN. There may be a lot of those things that you ought not to do. It seems to me we have reached the end of the consideration of this problem. When we understand each other on the proposition it seems that they have the money in the Veterans' Bureau, out of which this can be done.

Dr. MADDOX. I do not think we have money for all of these things.

The CHAIRMAN. Oh, yes you have.

Dr. MADDOX. Can we do new building out of that money?

The CHAIRMAN. You can do anything you like with it after you get it allotted.

Mr. SISSON. Some years ago a point of order was raised about an Army post, and it was fought out on the floor of the House, and it was held—while it is not a decision of the court—that as to an existing plant you might put up a building if it was within the reservation and did not include the purchase of new land, so I imagine all of these things might be taken care of out of that very large appropriation.

Mr. WETMORE. You have undoubtedly fixed a limit, Mr. Chairman, have you not, in that appropriation to the Veterans' Bureau?

The CHAIRMAN. We fixed the limit on the total amount.

Mr. WETMORE. They can transfer it to the Public Health Service out of the amount of the appropriation. The amount we asked you to take care of in the other bill is not sufficient to do more than to take care of the ordinary upkeep of these seventy-odd hospitals. We have an item here of $600,000 for the same thing for the remainder of this year.

The CHAIRMAN. Let us go on with these items. Greenville, S. C. What do you say about that?

Mr. WETMORE. That is for repairs and alterations of existing buildings, with incidental mechanical and approach work, $20,000, made up of remodeling and repairing open-air wards to provide dressing rooms, $2,000; solaria and remodeling in connection with four wards, $2,000; incinerator, $3,500; construction of storage space for motor transportation, and machine shop, $3,000; and conditioning buildings for personnel, four at $2,500, $10,000. Undoubtedly that last item will be repairs, but there is a provision for the construction of storage space and I doubt whether we could put in an incinerator under repairs.

The CHAIRMAN. You could put in all things that would be essential.

Mr. WETMORE. We could if we could get one more word included in the appropriation. I do not know whether you could put it in or not. If you could say, "Repairs, preservation, and improvements," or something like that, it would permit of something beside repairs.

The CHAIRMAN. The appropriation is passed and we could not get anything into it.

Mr. SISSON. How many patients have you here?

Dr. MADDOX. About 600.

Mr. STRATTON. There is a capacity for 650, and we have 504 patients at present.

HOSPITAL NO. 72, HELENA, MONT.

REPAIRS AND ALTERATIONS TO BUILDINGS, ETC.

The CHAIRMAN. The next is Helena, Mont., Public Health Service Hospital No. 72: For repairs, alterations, and extensions of existing buildings; supply additional beds and mess facilities; repairs to quarters; repairs and glazing of porches, with incidental mechanical and approach work, $65,000. What is approach work?

Mr. WETMORE. That is roads and sidewalks.

The CHAIRMAN. How much of that is included?

Mr. WETMORE. That is divided among several items: Building No. 9, dining-room addition and passage to building No. 28, one-story brick, $10,000; buildings Nos. 9 to 28, sun room for patients, $6,000; building No. 28, two company barracks, general rearrangement and repair of interior, $26,500; building No. 37, old band barracks, general rearrangement and repairs, $3,750; building No. 43, civilian employees' quarters, remodeling interior for contagious ward, $1,800. Does that change the character of the building and the use of it?

Dr. MADDOX. Yes.

Mr. WETMORE. Building No. 10, old guardhouse, refit for laundry, $1,000; buildings 3, 4, and 5, double houses, reconditioning and repairing, $1,500; building No. 47, old commissary storehouse, general rearrangement, $3,500; building No. 22, old wagon shed, remodel for garage, $1,200; building No. 2, tubercular ward, widen and glaze porches, $3,250; and contingencies, $6,500.

The CHAIRMAN. Let us take up the next one, Lake City, Fla., Public Health Service Hospital No. 63.

Mr. BYRNS. Is this last hospital a permanent Public Health Service hospital?

Mr. WETMORE. Yes, sir.

Dr. MADDOX. In the report it says: "This hospital is of temporary construction and is expected to eventually be abandoned," which is an error.

Mr. BYRNS. It is Government owned and is a permanent hospital?

Dr. MADDOX. Yes: it was an Army post and turned over to this service.

HOSPITAL NO. 63, LAKE CITY, FLA.

REPAIRS AND EQUIPMENT TO BUILDINGS, ETC.

The CHAIRMAN. Let us take up the next one.

Mr. WETMORE. Lake City, Fla., Public Health Service Hospital No. 63: For repairs and alterations of existing buildings, and mechanical equipment, $30,000. I understand that was an old university building.

Dr. MADDOX. The State agricultural college or something like that

Mr. WETMORE. Remodeling building No. 7, Science Hall, two and three stories. The roof of this building (Spanish terra-cotta tile) and its supporting woodwork is in bad shape and will require extensive repairs. The interior trim and plaster is in fair condition and will require only minor repairs, as will the heating and electric wiring.

The CHAIRMAN. Is this a new building that the Government just purchased?

Mr. STRATTON. Some two years ago.

Mr. WETMORE. It is desired to use this room as a medical ward and also move the operating room from its present poor location: also to have a post-mortem room in basement, there being no post-mortem room in the entire hospital at present. There is also need for the installation of new plumbing.

The CHAIRMAN. How much did this building cost, and what is its capacity?

Mr. STRATTON. The hospital has a capacity of 130, and at present it has 118 patients.

The CHAIRMAN. What about Helena?

Mr. STRATTON. Helena has a capacity of 161.

Dr. MADDOX. The capacity at Lake City will be much increased as soon as the new wards for the tubercular patients are completed.

Mr. SISSON. How many did you say were at the Helena hospital?

Mr. STRATTON. According to the last report there were 118 patients at Helena.

Mr. SISSON. The same number as at Lake City?

Mr. STRATTON. It happens to be the same number; yes.

HOSPITAL NO. 50, PRESCOTT, ARIZ.

REPAIRS, REHABILITATION, AND EXTENSION OF BUILDINGS, ETC.

The CHAIRMAN. The next is Prescott, Ariz., Public Health Service hospital No. 50: For repairs, rehabilitation, and extension of existing buildings and mechanical work; extension of heating mains to supply old buildings from central plant; extension of telephone system and general repairs, $140,000.

Mr. WETMORE. This is a hospital that is sometimes known as Whipple Barracks, near Prescott, Ariz.

The CHAIRMAN. This was a military post, was it?

Mr. WETMORE. Yes, sir.

The CHAIRMAN. Tell us about it.

Mr. WETMORE. The items are: Rehabilitation of the electric system, $50,000; rehabilitation of heating mains, covering, etc., $30,000; new telephone system, $22,000; extending heating mains to old buildings, now heated by separate units, and connecting these buildings so as to heat them from present central station, $30,000; and contingencies, $8,000. This was a War Department barracks transferred to the Public Health Service, and has been converted into a hospital for tubercular patients. It has a bed capacity of 765.

The CHAIRMAN. How many are there?

Mr. STRATTON. Six hundred and forty-four, according to the last report. There are 71 buildings on the reservation.

Mr. SISSON. Is that the capacity or the actual number there?

Mr. STRARRON. The capacity there is 765, and at present the patients there number 644.

The CHAIRMAN. Was this one of the places started out of the $18,600,000?

Mr. STRATTON. No, sir; but allotment has been made for additional facilities.

The CHAIRMAN. How much was allotted to that place?

Mr. WETMORE. The amount allotted for Prescott, Ariz., was $600,000.

The CHAIRMAN. Is it intended to complete that work?

Mr. WETMORE. Yes, sir. That was intended to take care of specific buildings that we were told to build or remodel. Mr. Thompson knows something about the mechanical equipment at that place.

Mr. THOMPSON. That was installed by the Army and the steam and electric systems are reported to be just about ready to go out of business. Those repairs will cost about $140,000. The proposition of the White committee was not to make repairs but was to get additional beds.

The CHAIRMAN. I know. They take the $18,600,000 and use it any way they please, and they supplement it by as much more as they can get. I can not understand why they do not use the $861,000 which they have.

Dr. MADDOX. They will not have that when they pay for the furniture; they will be back for more.

The CHAIRMAN. They will use that before they get any of this.

Dr. MADDOX. I think they are using it absolutely right now.

HYGIENIC LABORATORY, WASHINGTON, D. C.

REPAIRS AND IMPROVEMENTS TO BUILDINGS AND GROUNDS.

The CHAIRMAN. The next item is, "Washington, D. C., Hygienic Laboratory: For repairs and improvements of buildings and grounds, including incidental mechanical equipment, $50,000." Where is that?

Mr. WETMORE. In this city.

The CHAIRMAN. I know; but where?

Mr. WETMORE. Right next to the Naval Hospital.

The CHAIRMAN. What is the necessity for that?

Dr. MADDOX. The necessity for keeping the Hygienic Laboratory, which is the heart center of the service, in working condition.

The CHAIRMAN. What condition is it in now?

Dr. MADDOX. We received instructions to do something at once to get the grounds in shape.

Mr. STRATTON. $4,000 of the $50,000 is for driveways and walks on the grounds.

The CHAIRMAN. What is the necessity of the other $46,000?

Mr. WETMORE. We have the report of the inspector who went there. He reported the condition of the grounds as in bad condition, and between the Naval Hospital and the Hygienic Laboratory there is a fall in the grade which he said was covered with tin cans, etc.

The CHAIRMAN. Does that property belong to us?

Mr. WETMORE. Yes, sir. Interior plaster painting of south building, $5,000; construction of coal vault, $4,000; passageway between north and south buildings, $7,500; new partitions in north building, $4,000; improvement to roof on animal house and improvement of grounds, $20,000; new boiler, piping, etc., south building, $6,000; and new driveways and walks in connection with south building, $4,000.

The CHAIRMAN. What is the animal building for?

Dr. MADDOX. They have to keep the animals for experimental work.

The CHAIRMAN. Are you going to put up a place for them at a cost of $20,000?

Dr. MADDOX. This estimate I do not know anything about. I can only tell you, in a general way, that I think any money invested in the Hygienic Laboratory will pay great dividends.

MARINE HOSPITAL NO. 2, BOSTON, MASS.

REPAIRS AND ALTERATIONS TO NURSES' AND PHARMACISTS' QUARTERS, ETC.

The CHAIRMAN. The next item is, "Boston, Mass., Marine Hospital No. 2: For repairs and alterations to stable, nurses' and pharmacists' quarters and improvements of grounds, $18,000." Why do you not put off some of these things until we have money to pay for them? Does anybody ever stop to think about the money, except how to get it out of the Treasury?

Dr. MADDOX. These hospitals are all operating under a great handicap, Mr. Chairman.

The CHAIRMAN. Tell us about Boston.

Mr. WETMORE. The present quarters for nurses and attendants are not sufficient to accommodate the present number of nurses and attendants at this station. It does not appear advisable to recommend the construction of additional buildings for this purpose.

At present a two-story wooden structure, formerly used as a stable, is used as a garage. The character of this building is such that it can readily be converted into attendants' quarters, and would probably house 16; and an arrangement of the present nurses' and pharmacists' quarters would furnish accommodations for nurses.

There is a demand for a fireproof garage that would accommodate six cars, or two cars, an ambulance, and a truck. The estimate for the work is $8,000. Mr. Pearson, the superintendent of repairs at Boston, reports that approaches and grounds need improvements, etc., that would cost about $10,000. That is an item, I suggest, that is not vitally important, but the $8,000 would be a justifiable expenditure.

This is one of the oldest hospitals in the country and is well situated in a tract of 10 acres.

Under appropriations made in 1918 and 1920 amounting to $210,000 five-ward buildings and nurses' quarters of temporary construction were put up, providing a total capacity of 148 beds for the hospital.

The CHAIRMAN. How many are there now?

Mr. STRATTON. There are 125 occupied now.

Dr. MADDOX. There was a statement made of excess facilities at Boston. The hospital is not quite full. It has 150 beds and only has 135 patients.

The CHAIRMAN. You have 10 per cent?

Dr. MADDOX. Every hospital should run with a 10 per cent margin. That is the marine hospital, and any accident of any kind on that coast; for instance, if a steam pipe should go there might be 10 or 15 men brought in. A hospital must have an elastic limit.

The CHAIRMAN. You have it here, according to your own figures.

Dr. MADDOX. That happened to be so at that particular time. It might be filled to-day. You have got to keep beds for contagious diseases, where you isolate your patients. The hospital may have 10 contagious beds and only have 6 patients to occupy them.

MARINE HOSPITAL NO. 11, LOUISVILLE, KY.

INSTALLATION OF ELEVATOR, FIRE ESCAPES, ETC.

The CHAIRMAN. Let us take up Louisville.

Mr. WETMORE. For installation of elevator, fire escape, etc., $15,000. There is no elevator in this building, which is three stories. An elevator would be very desirable to take patients to the third floor. There is only one way of escape from fire by means of an iron stairway on the rear veranda. Another fire escape is very desirable. That is one of the oldest hospitals we have.

The CHAIRMAN. They do not require elevators on 3 or 4 story buildings?

Dr. MADDOX. This is for the accommodation of patients who should not be made to walk to the third floor.

The CHAIRMAN. No building code requires elevators in a 3-story building.

Dr. MADDOX. Two-story hospitals would usually be equipped with elevators.

The CHAIRMAN. Is this a building purchased by the Government?

Mr. WETMORE. No, sir; an old building.

The CHAIRMAN. How long has it been in existence?

Dr. MADDOX. Eighty years.

The CHAIRMAN. The people who have gone there as patients have managed very well?

Dr. MADDOX. It is a more active hospital now.

The CHAIRMAN. The patient is not any more active than the patient who went there 80 years ago, or does it require more facilities than it did 80 years ago?

Dr. MADDOX. I think it requires more facilities. I think that medical treatment has improved very considerably in 80 years.

The CHAIRMAN. That is true, but elevators are not medical treatment?

Dr. MADDOX. There are more surgical cases; in fact, more surgery is being done, people being taken to the operating room—things have changed very much in even the last 10 years.

Mr. BYRNES. If this is an emergency, why was it not asked for in the regular bill?

Dr. MADDOX. This building was first opened in 1852. There are 60 beds in the hospital. One thousand four hundred and forty-seven

patients went through that hospital in a year. It is an old-fashioned block-type hospital. At the present time it looks very nice.

MARINE HOSPITAL NO. 13, MOBILE, ALA.

EXTENSION OF ACCOMMODATION FOR ATTENDANTS.

The CHAIRMAN. The next item is, "Mobile, Ala., marine hospital No. 13: For extension of accommodations for attendants and for storage, $15,000." It just happens that $15,000 has been guessed at in a great many of these cases where they want to do some repairing. I do not know how you reached the figure of $15,000.

Mr. WETMORE. The accommodations for attendants are desired for those who are now living away from the station, and who should be on the place for the efficient operation of the hospital, $10,000; extension of the storage building, for articles now stored in rooms in the basement, $2,500.

The CHAIRMAN. Rooms for the attendants?

Mr. WETMORE. Yes, sir. Contingencies, $2,500.

The CHAIRMAN. How long has the building been in existence?

Dr. MADDOX. Since 1843.

The CHAIRMAN. And the capacity?

Dr. MADDOX. Ninety-nine beds.

MARINE HOSPITAL NO. 16, PORTLAND, ME.

STOREHOUSE.

The CHAIRMAN. The next item is, "Portland, Me., marine hospital No. 16: For storehouse with accommodations for ambulances and trucks, $3,000."

Mr. WETMORE. The building now used as a garage is an old stable, unheated. The surgeon in charge states that for about five months in the year it is difficult for the chauffeur to clean and keep the cars in order, and for three months of that time it is most difficult to keep the cars in running order, as the changes have been made in the stable to fit it for use as a garage.

The CHAIRMAN. How many cars have they?

Dr. MADDOX. The station truck and ambulance.

The CHAIRMAN. I built a brick garage at my home for $750.

Mr. STRATTON. This also provides storage facilities for supplies in the same building.

Mr. WETMORE. This is a heated garage.

The CHAIRMAN. My garage is heated from the house.

Mr. STRATTON. At present the full capacity is 40 beds.

The CHAIRMAN. When was this organized?

Dr. MADDOX. In 1852. They had horses then.

The CHAIRMAN. How many beds?

Mr. STRATTON. Forty beds. It is only hospital north of Boston in the Government's chain.

Dr. MADDOX. There is an isolation ward of six beds in addition.

MATINE HOSPITAL NO. 18, ST. LOUIS, MO.

ALTERATIONS AND REPAIRS TO WARD PORCHES, ETC.

The CHAIRMAN. The next item is, "St. Louis, Mo., marine hospital No. 18: For repairs and alterations to ward porches, including mechanical equipment and incidental changes to lighting and ventilating of wards, $10,000."

Mr. WETMORE. For repairs and alterations to ward porches, including mechanical equipment and incidental changes to lighting and ventilation of wards, $10,000. The porches are for tubercular patients, and the changes will give about 9,000 square feet additional floor space. The porches are to be glazed and heated.

The CHAIRMAN. When was that organized?

Dr. MADDOX. It was originally built in 1855.

The CHAIRMAN. What is the capacity?

Mr. STRATTON. Normally, 70 beds; they have 77 patients at present.

The CHAIRMAN. You do not consider that these are deficiencies, I take it?

Mr. WETMORE. These items that we have just considered?

The CHAIRMAN. Yes, sir.

Mr. WETMORE. No, sir; I consider those supplemental items. They seem to make a distinction between supplemental and deficiency appropriations. I suppose there is a distinction.

RELIEF OF CONTRACTORS.

The CHAIRMAN. On page 112 is the item, "Relief of contractors, $400,000." I thought we had all of those claims settled?

Mr. WETMORE. No; we have not got them all settled. We thought that we had enough money to settle the last time we got $250,000, but they are still coming in.

There is a letter sent to the Secretary of the Treasury under date of January 20, in which this statement is made in regard to that item:

As to the item "Relief of contractors, etc., for public buildings under Treasury Department," it is estimated that the sum of $400,000 will be required to pay all claims now before the department. At the time of making the estimate of $250,000, recently submitted and appropriated for in the deficiency bill approved December 15, 1921, and even up to the time the hearings were held on said bill the indications were from the data on hand at that time that such sum would be sufficient to liquidate any amounts allowable. It develops, however, that since the hearings a large number of claimants who had failed to supply any sustaining evidence or any additional evidence up to that time, have since complied with the department's request by furnishing data, or indicating their intention to do so in the near future; in other words, the present condition is considerably changed over that existing even a month ago. The public building at Birmingham, Ala., was completed just prior to the time of the hearings on the deficiency bill above mentioned, and it is found that the claims of certain subcontractors on said building will be considerably larger than the amount originally estimated and used in compiling the data for the hearings. This condition is a matter over which the department has no control, and was unable to even anticipate until after the building was finished and the subcontractors had filed their sustaining evidence, as the department had no contractual relaionship with subcontractors.

The original estimate was in amount $2,750,000, as against which there has been appropriated a total of $2,250,000, which, plus the amount above estimated, would make a total appropriation for this purpose of $2,650,000, or still $100,000 less than said original estimate.

The following tabulation shows the financial status of work completed and to be completed from evidence now on hand:

Appropriations to date		$2,250,000.00
Amounts audited and actual payments	$2,142,195.24	
Amounts reserved by court order pending outcome of certain law suits	64,768.27	
Amounts held up to cover certain reservations pending the submission of additional evidence by claimants	10,367.53	
Total amount obligated to date, inclusive		2,217,331.04
Leaving an unencumbered balance on hand of		32,668.96
6 claims are in course of audit, in amount		33,051.29

That would more than wipe out the balance.

24 claims held up owing to lack of examiners, in amount	$116,394.21
19 claims partially audited, but held up awaiting additional evidence, in amount	58,734.39
76 claims awaiting evidence, in amount	413,978.37
Total to be audited	622,158.17

Of this amount it is thought that $400,000 (together with the unencumbered balance) will be sufficient to pay such amounts as are allowable.

The CHAIRMAN. What percentage of the claims are allowed, on an average?

Mr. WETMORE. I can not tell you what percentage.

The CHAIRMAN. What is the percentage of the settled claims as compared with the face of the bills?

Mr. WETMORE. I can not tell you. I can only give you the amounts that have been allowed so far. I could go back and find the original amount of the claims.

NOTE.—Approximately 60 to 65 per cent, as nearly as can be stated without a careful examination of figures.

The CHAIRMAN. Of course, the aggregate of all the claims settled and the amount allowed would give us the amount of the allowance on the face of the claims.

Mr. WETMORE. $10,367.53 were suspended; there was not sufficient proof.

The CHAIRMAN. I am talking about those settled.

Mr. WETMORE. There is no question about $64,768.27 simply held to see who it is to be paid to.

The CHAIRMAN. I am asking whether you pay 60 cents on the dollar or 50 cents or 30 cents or 100 cents.

Mr. WETMORE. We have paid claims in full where the loss showed in full. Other claims have been cut.

Mr. BYRNES. Please show the face of the total amount of the claims.

NOTE.—Total payments, $2,206,963.51.

Mr. WETMORE. I can supply that and the percentage of allowance.

REPAIRS TO PUBLIC HEALTH SERVICE HOSPITALS.

Mr. WETMORE. This $600,000 item is similar in character to the question that we were discussing a moment ago in connection with

the Public Health Service hospitals. When the opinion of the comptroller was rendered we, of course, could not take care of the expenditures from our repair appropriation and so put in an item to take care of that out of the appropriation for the rest of this fiscal year. This item was put in, not knowing what the committee might conclude to do. I understand that when it became apparent that the Public Health Service could not use the money allotted by the Veterans' Bureau to them in this amount of $600,000 for these repairs they reduced their call on the Veterans' Bureau by that amount. They have taken $600,000 less on account of putting in this item here, so that the work may be done and there be no additional cost to the Government. I do not know just how the committee may want to adjust it.

Mr. BYRNES. Has this money gone back into the hands of the Veterans' Bureau?

Mr. WETMORE. Yes, sir.

Mr. BYRNES. We will try to get it out of their hands, and we may be able to do it without legislation.

Mr. WETMORE. I do not believe you can, because the comptroller said that they could not use this appropriation for that purpose, but a word of legislation would do it.

Mr. SISSON. Was it intended originally for that purpose?

Mr. WETMORE. Yes, sir. The Veterans' Bureau in turning it over to the Public Health Service intended, I am informed, to have it used for that purpose.

The CHAIRMAN. We will see how we can do it.

Mr. WETMORE. It is a similar proposition to that which we had before.

Mr. SISSON. Where would you expect to spend this money?

Mr. WETMORE. Here is a memorandum which shows that.

Mr. SISSON. It would not be paid out just that way?

Mr. WETMORE. I mean on the average.

(The memorandum referred to by Mr. Wetmore follows:)

MEMORANDUM SHOWING NECESSITY FOR APPROPRIATION OF $600,000 AS SHOWN ON ATTACHED LIST AND AS TO BE INTRODUCED IN FORTHCOMING DEFICIENCY BILL.

The original appropriation for the fiscal year 1922 for "R. & P." and "M. E.," to cover marine hospitals and quarantine stations, was $325,000. By agreement between the interested divisions, the Marine Hospital Division was to have from that amount $210,000.

At the time that appropriation was made the properties covered for repairs and mechanical equipment by its provisions consisted of 24 stations with approximately 234 buildings and approximately 2,622 patients' beds. Thus, there was provided by the $210,000 available approximately $893 per building, or approximately $80 per patient bed.

The buildings at the stations are nearly all of permanent construction, although not modern in some instances, and the amounts necessary for repairs not large because of that fact.

Since that appropriation was passed, and because of the Comptroller General's ruling of July 6 and purchase and transfer of additional property, there have been added to the properties, whose repair necessarily is chargeable to that appropriation, 25 stations with approximately 1,500 buildings and approximately 12,800 beds. The $600,000 requested as supplement to that appropriation will provide for the additional property at the rate of approximately $400 per building, or approximately $47 per patient bed, which is very much less than was appropriated for the fiscal year for the permanent buildings originally under the appropriation. These additional properties placed under

this appropriation since the beginning of the fiscal year are nearly all of the War Department base hospital type, with temporary buildings planned for occupancy of only two or three years, and have already, in some instances, passed their proposed life. Expenditures for repairs to the buildings and to the mechanical equipment urgently necessary for their continued use are unusually heavy, due to their character and age.

Mr. SISSON. Who made this estimate?

Mr. WETMORE. It was made by the Public Health Service.

Mr. SISSON. I do not know upon what principle they arrived so accurately at this sum of $80 per bed for the repair of buildings.

Mr. STRATTON. The allotment originally requested from the Veterans' Bureau for that purpose was $2,000,000 for the year. By averaging it up according to the bed capacity, and making allowance for the construction of the buildings, or the various types of construction, and deciding what hospitals and beds were removed from the allotment by the comptroller's decision, and by deducting the $600,000 from the Veterans' Bureau appropriation, that estimate was arrived at. It is based on previous years' costs for the same kind of work.

Dr. MADDOX. The maintenance cost is about so much per bed per annum.

Mr. SISSON. This is not maintenance, but it is repairs.

Dr. MADDOX. It is maintenance upon the basis of the operating costs, or it is upkeep. It costs about so much per bed per year at certain stations. It costs a great deal more at temporary stations than at permanent stations. When you make improvements, however, at permanent stations, it costs more money, because the improvements are of a permanent character.

The CHAIRMAN. You could get along without a good deal of this until after the 1st of July. You could go along without any expenditure until after the 1st of July without interfering in any way with the facilities, could you not?

Mr. STRATTON. The roofs of these temporary buildings are in poor condition and require constant attention.

The CHAIRMAN. $600,000 is a lot of money for that purpose.

Dr. MADDOX. There are 1,500 buildings. This means that $400, on the average, is what we spend to keep a building in order. Now, you understand that if the money is not needed, it will not be spent. It is not spent just because we have it. If you could see the telegrams that come in to us reporting this thing and that thing have gone wrong, or that an old boiler has just been doctored up any way to keep it going, and that we have to do something right away, you would appreciate our situation. We send it to Mr. Wetmore, and he has to have the money in order to do the work. The situation at some stations is very serious.

PAYMENT TO MISSOURI PACIFIC RAILROAD CO.

The CHAIRMAN. Under the head of "General expenses of public buildings" you have an item of $2.98 for payment to the Missouri Pacific Railroad Co. What is that for?

Mr. WETMORE. That was on account of a freight shipment where the goods were damaged and the railroad company had already

refunded the amount of the freight. Then, when they put in the account, the auditor apparently deducted it again.

The CHAIRMAN. Has it gone into miscellaneous receipts?

Mr. WETMORE. Yes, sir; and in order to settle it, we must have this authority.

OPERATING EXPENSES, PUBLIC BUILDINGS.

The CHAIRMAN. For operating force for public buildings, you estimate $50,000. What is the difficulty here?

Mr. WETMORE. That means that the amount appropriated by Congress was insufficient to meet the pay rolls up to the end of the year.

The CHAIRMAN. This is the case we had up once before.

Mr. WETMORE. The same thing in previous years; yes, sir. This year we are faced with one of two things, either a deficiency appropriation of this amount, or we will have to lay off the force for four or five days before the end of the year.

The CHAIRMAN. I suggest that you do that. You can do what you did last year, and get along without this.

Mr. WETMORE. Do I understand that you suggest that we furlough the force?

The CHAIRMAN. I suggest that you get along without this money.

Mr. WETMORE. That means that we will have to lay off every charwoman and laborer we have in the custodian force for a period of five days.

OPERATING SUPPLIES, PUBLIC BUILDINGS.

The CHAIRMAN. For operating supplies for public buildings, you have an appropriation of $2,500,000 for the present fiscal year, and you are asking here for a deficiency of $650,000. What is the cause of that?

Mr. WETMORE. That is largely on account of the cost of fuel. It is the same situation we have had year after year, because the amount of the appropriation was not sufficient.

The CHAIRMAN. How much coal will you use?

Mr. WETMORE. About 125,000 tons.

The CHAIRMAN. Give us a statement of that and let us see how it works out.

Mr. WETMORE. Mr. Schaefer is more familiar with this appropriation than I am.

The CHAIRMAN. Let us have a definite statement about it.

Mr. WETMORE. I have a definite statement here showing the amount expended to February 16, 1922, the balance outstanding on the basis of actual authorizations, the total amount expended and outstanding, the amount estimated to cover the remainder of the fiscal year 1922, the estimated total requirements for 1922, revised to date, and the amounts expended under the several heads in the fiscal year 1921.

The CHAIRMAN. You may insert that in the record.

(The statement referred to is as follows:)

Operating supplies for public buildings, 1922.

Items.	Expended to Feb. 16, 1922.	Balance outstanding on basis of actual authorizations.	Total expended and outstanding.	Estimated to cover remainder of fiscal year 1922.	Total requirements, 1922, revised to date.	Expended fiscal year 1921.
Heat	$845,728.48	$397,257.82	$1,242,986.30	$247,013.70	(a) $1,490,000.00	$1,459,268.73
Light and power	554,385.13	365,614.87	930,000.00	.....	(c) 930,000.00	937,194.17
Water	87,779.51	82,220.49	170,000.00	.....	(d) 170,000.00	172,323.48
Ice	53,850.70	46,149.30	(e) 100,000.00	.....	100,000.00	103,338.95
Ashes and rubbish	17,415.79	31,583.22	48,999.01	6,000.99	55,000.00	52,289.14
Washing towels	26,192.44	35,163.91	61,356.35	3,643.65	65,000.00	63,455.73
Lighting supplies	102,601.01	5,355.70	107,956.71	7,043.29	115,000.00	84,705.24
Miscellaneous	178,854.99	24,227.68	203,082.67	21,917.33	(b) 225,000.00	315,884.63
Total	1,866,808.05	987,572.99	2,864,381.04	285,618.96	3,150,000.00	3,187,440.07

NOTE.—In the item "Heat, etc.," (a) is included an estimate of $200,000 to cover freight, drayage, etc., on coal purchased at mines.

In the item "Miscellaneous" (b), is included an estimate of $25,000 to cover transportation of miscellaneous supplies from storekeeper to various buildings.

The figures shown in the column "Total expended and outstanding," under "Light and power" (c), and "Water" (d), represent an estimated amount based on past experience as necessary to meet payments of light, water, etc., bills which will be presented during the current fiscal year.

Ice (e), while the total authorization on books equals $106,231.59, it is anticipated that savings in use of ice will keep the actual expenditures down to at least $100,000.

The total appropriation for 1921 was $1,214,000, on account of which there has been actually expended to date $3,187,440.07, leaving a balance of $26,559.93, with items still coming in to be paid. Any part of this balance which remains unexpended will go to the surplus fund.

Amount appropriated	$2,500,000.00	Total requirements	$3,150,000.00
Actually expended	1,866,808.05	Amount appropriated	2,500,000.00
Cash balance	633,191.95	Additional estimate	650,000.00

Mr. WETMORE. This statement shows that we had a large deficiency last year in this item. The total requirements for 1922 apparently are $3,150,000, and we expended last year $3,187,440.07.

The CHAIRMAN. Is this for the lighting and heating service?

Mr. WETMORE. It is not entirely on that account. The objects of expenditure are shown in the statement.

The CHAIRMAN. You are not saving much money on some of these items. For example, on heat, you are a little higher, although coal was lower. I suppose these figures embrace the amount of money you expect to cover under the $650,000?

Mr. WETMORE. Yes, sir; our anticipated expenditures are in the next to the last column.

The CHAIRMAN. You estimate for 1922 for heat $1,490,000 as against $1,459,268.73 expended in the fiscal year 1921, whereas it ought to be less on account of the lower price of coal.

Mr. WETMORE. It depends upon the number of tons you burn.

The CHAIRMAN. You would not use any more tons of coal to do the same amount of heating in 1922 than you used in 1921. You bought coal at 20 per cent less cost and there should be a reduction in the expenditure.

Mr. WETMORE. We do not find that to be the fact. The number of tons of coal burned depends upon the severity of the winter.

The CHAIRMAN. There is no difference between this winter and last winter.

Mr. SCHAEFER. We are just now getting in reports which cover certain reductions in the price of coal, but during the first part of the fiscal year there was no reduction in the price of coal.

The CHAIRMAN. What is the difference in the price of coal now and the price you paid in 1921?

Mr. SCHAEFER. Probably not more than 50 cents per ton for bituminous, the price being $7.50 per ton.

The CHAIRMAN. How many tons did you use?

Mr. SCHAEFER. One hundred thousand tons of bituminous and 28,000 tons of anthracite.

The CHAIRMAN. According to that, a reduction of 50 cents per ton would represent about $50,000, but instead of saving $50,000 you have increased the cost by $50,000.

Mr. SCHAEFER. You are calculating that reduction upon the entire tonnage of coal for the entire year, whereas we are just commencing to get the reduction in the price of coal that we are using now.

The CHAIRMAN. Was not the price higher in 1921 than in 1922?

Mr. SCHAEFER. In a great many cases; yes, sir; in most cases it was.

The CHAIRMAN. In the item of light and power you are a little lower in 1922 than in 1921. You are about $7,000 lower.

Mr. SCHAEFER. With 12 more buildings to attend to.

The CHAIRMAN. In the item of water you are about $2,000 lower, while in the item of ice you are about $3,000 lower. In the item of ashes and rubbish you are about $3,000 higher, and in the item for washing towels you are about $2,000 higher. Did you have as many employees in 1922 as in 1921? I understood that the number was being reduced all the time.

Mr. SCHAEFER. There are a great many more persons occupying the buildings. This item for washing towels covers the laundering of the towels for every individual in the public buildings. We have more individuals in the public buildings than we ever had before, and they are still trying to crowd more into them.

The CHAIRMAN. They are putting more of them into public buildings and have less in rented buildings?

Mr. SCHAEFER. Yes, sir.

The CHAIRMAN. Do you not perform the same service for the occupants of rented buildings?

Mr. SCHAEFER. No, sir.

The CHAIRMAN. For lighting supplies you estimate $115,000 for 1922, as against an expenditure of $83,705.24 for 1921. What does that consist of?

Mr. SCHAEFER. This increase comprises electric bulbs almost entirely. Ninety per cent of it is on account of electric bulbs. There are other things, such as lamps, etc.

The CHAIRMAN. What do the miscellaneous items include?

Mr. SCHAEFER. That includes everything not covered by the other items, such as mops, brooms, pails, buckets, etc.

The CHAIRMAN. Have you seen any of the brooms that Gen. Dawes has for sale that the Navy would not buy?

Mr. SCHAEFER. I have not.

The CHAIRMAN. Would they be of any use in this work?

Mr. SCHAEFER. No, sir; they are not the regular brooms that we use in public buildings. They are all right for outside pavement work. They are push brooms.

The CHAIRMAN. You could get along without this money, could you not?

Mr. SCHAEFER. We could if we did not clean the public buildings. If we keep them up, we can not do without. This is about as close as we can figure it.

Mr. SISSON. What was the matter with this Navy broom?

Mr. SCHAEFER. It is simply a push broom for street use. It is not a broom you could use in public buildings.

Mr. WETMORE. It can not be used in sweeping carpets and floors.

The CHAIRMAN. You have carpets on these floors?

Mr. WETMORE. We are not furnishing carpets these days.

The CHAIRMAN. They are better off without them.

Mr. WETMORE. We think it is more sanitary not to have them.

TUESDAY, FEBRUARY 21, 1922.

COAST AND GEODETIC SURVEY.

STATEMENT OF COL. E. LESTER JONES, DIRECTOR.

ALTERATIONS TO MINE SWEEPERS.

Col. JONES. Mr. Chairman, supplementing what has been said by Capt. Faris, assistant director, regarding the $72,300 to be divided equally in the alteration of the two mine sweepers which have been recently transferred by Executive order from the Navy to the Coast and Geodetic Survey, I have recently been in Boston to look over these vessels.

The CHAIRMAN. They are up there?

Col. JONES. Yes, sir. I made the inspection primarily to get a clear picture of the vessels fixed in my mind, as I want to have all matters of importance pertaining to the service and then to look over the suggested alterations so that I could tell intelligently just why they were being contemplated, and also to tell you, sir, what they were.

The mine sweepers were built to carry a small number of officers.

The CHAIRMAN. I have gone all through the plans, the deck work and everything like that.

Col. JONES. Then, briefly, I will just say that the contemplated alterations are absolutely essential in order to use the boats efficiently as surveying vessels.

The CHAIRMAN. In other words, you want to carry a larger complement of officers than would be necessary on a mine sweeper?

Col. JONES. Yes, sir. On the Coast Survey vessels we work from the launches, several parties, in order to utilize the base ship to its fullest efficiency, and instead of having 4 officers we contemplate having on a vessel of this size 11 or 12 officers, and instead of a crew of 40 we need a crew of 53, since those men go with the officers and therefore expedite the surveying adjacent to where the base ship rests for the time being.

The CHAIRMAN. They come back to the ship every night?

Col. JONES. Yes, sir. These officers and men live on the vessels for approximately 10 months in the year. There is no extrava-

gance in the contemplated alterations. I specially looked into the one factor of whether there was anything being done that could be postponed, or whether anything was being done that was not in keeping with a modest, efficient craft. I really feel that our estimates are moderate.

The CHAIRMAN. Your idea is that it is more economical to have only one surveying crew, properly officered, on one ship than it would be to have a number of crews on separate ships?

Col. JONES. Yes, sir.

The CHAIRMAN. That is the point?

Col. JONES. Yes, sir; because we have the supplies and all the equipment to place on these launches and smaller boats—in other words, we can do from 50 to 100 per cent more work by working directly from the big ship.

ALTERATIONS TO BE MADE.

The CHAIRMAN. The pilot house is to be changed?

Col. JONES. We will have to move that forward, because there is nothing but an 8 by 8 room there for merely a navigating officer, while our commanding officers have to act as paymasters, with all their papers and equipment, and the size of the room should be increased.

The CHAIRMAN. To 10 by 10?

Col. JONES. Yes, sir. Here [indicating] is a drafting room, which is absolutely essential.

The CHAIRMAN. I think you are right about that.

What about the winches?

Col. JONES. We do need them, but they are out of place.

The CHAIRMAN. You do not need winches?

Col. JONES. Yes, sir; but the winches have got to be moved in order to put the drafting room there, which gives no room on account of the construction of the ship. We have to come up that far. [Indicating.]

The CHAIRMAN. Move this? [Indicating.]

Col. JONES. No, sir; move the red to the black. On these ships as they are now constructed they simply have room for half as many boats as we propose to put on them.

The CHAIRMAN. You think these boats are essential?

Col. JONES. Absolutely; for two reasons; one is the greater number of officers and men require greater safety in case of disaster.

The CHAIRMAN. This is a higher price than Capt. Faris indicated for the boats, $5,950 as against $8,400?

Col. JONES. No, sir. The cost of the boats, Mr. Chairman, launches and whaleboats, will be $5,950.

The CHAIRMAN. That is the whole number of launches?

Col. JONES. Yes, sir. Also we utilize those boats for carrying on our work. We used as our basis for price by asking tentative figures from the Bureau of Construction and Repair of the Navy, as to what they could duplicate launches of that sort for. We have to have staunch boats, we put heavy machinery in them. They are not launches that last a year or two, but a number of years.

Here is the next plan down below. [Indicating.] We had to increase the officers' quarters here because in the original plan there is only room for four and now this takes care of all of them. They are very small rooms, but they are as large as we can utilize unless

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we should tear out a good deal of steel construction on the vessel. Likewise, we have to have a messroom.

The CHAIRMAN. For the officers?

Col. JONES. Yes, sir.

The CHAIRMAN. On the upper deck?

Col. JONES. That is the deck below the pilot house. Then finally below here is the equipment for the crew's mess. [Indicating.] Here [indicating] is the mess for the chief petty officers.

The CHAIRMAN. This is a mess?

Col. JONES. Yes, sir.

The CHAIRMAN. How long will it take you to get these boats ready?

Col. JONES. Eight weeks at the outside to make the alterations. I might say in that connection that I am satisfied that these vessels are an excellent addition to our equipment. They are staunch, strong, economical, and I think their capacity for cruising purposes is greater than any boat we have.

The CHAIRMAN. They are oil burners?

Col. JONES. Yes, sir. They can stay at sea for approximately 35 days, without going back. It is our idea in figuring up the cost of operation not to send her to port every week, but to keep her out there for longer periods, thereby not losing several days going to and from the field. The question of accommodations for fuel in western Alaska is very essential, as they have to go great distances not only to get fuel but to get supplies, which we can take care of under this suggested scheme.

The CHAIRMAN. Is this the lowest price at which this work can be done?

Col. JONES. Yes, sir. In fact, I feel, after going over the matter again thoroughly, that it is really too low; but I feel that if we can have the amount in question we will utilize it in the very best manner possible.

Furthermore, I am trying to see now whether we can retire one of our old vessels and take on another new naval boat, which will eliminate the continued cost of the wooden ships that are not adapted to the strain of being out in storms and having to come into port when there is trouble.

TUESDAY, FEBRUARY 21, 1922.

DEPARTMENT OF LABOR,

BUREAU OF IMMIGRATION.

STATEMENTS OF MR. W. W. HUSBAND, COMMISSIONER GENERAL OF IMMIGRATION, AND MR. W. H. WAGNER, SPECIAL IMMIGRANT INSPECTOR.

The CHAIRMAN. You have the following item:

Section 4 of the act of August 5, 1882 (22 Stats., p. 225), shall not be construed to prevent the Secretary of Labor from hereafter detailing five inspectors, four clerks, and three stenographers to be employed for the purpose of enforcing the provisions of the act approved February 20, 1907, and acts amendatory thereof.

That ought to be reported by some legislative committee of the House, ought it not?

Mr. HUSBAND. It is legislation?

The CHAIRMAN. We have no jurisdiction over an item like this. We are here to make appropriations, and this is to make a new law.

Mr. HUSBAND. It is new legislation?

TRANSFER OF 1920 UNEXPENDED BALANCE FOR PAYMENT OF LIABILITIES OF 1921.

The CHAIRMAN. You ask that a sum not exceeding $25,000 of the unexpended balance of the appropriation "Expenses of regulating immigration, 1920," shall be available for the payment of liabilities incurred during the fiscal year 1921. Is that a deficiency for 1921?

Mr. WAGNER. It has been so held by the department.

The CHAIRMAN. What is it about?

Mr. WAGNER. We require that additional sum to meet our obligations for 1921.

The CHAIRMAN. This money has gone into the Treasury, has it not?

Mr. WAGNER. It has not gone into the Treasury. I think it is available for three years.

The CHAIRMAN. No, for two years.

Your note on the subject reads:

This legislation is submitted for the purpose of obviating the necessity for a deficiency appropriation in the sum of $25,000. It is reported that an unexpended balance of $60,000 is still to the credit of the appropriation "Expenses of regulating immigration, 1920," no part of which is obligated, according to the records of the Department of Labor.

It is not available if it is in the Treasury.

Mr. WAGNER. I am quite certain that transfers of this kind have been made before, and that we have been accorded hearings before the Appropriations Committee on similar items.

The CHAIRMAN. That may be, but I would rather know whether or not the money has gone back into the Treasury. If it has not gone back into the Treasury, it is still available for use, or you could draw against it.

Mr. WAGNER. We can not draw against it without authority from Congress.

The CHAIRMAN. Then, it is not available.

Mr. WAGNER. The balance is there.

The CHAIRMAN. There was that much unexpended balance?

Mr. WAGNER. Yes, sir.

The CHAIRMAN. But that went into the Treasury, and it may be over in China by this time.

Mr. WAGNER. I do not so understand it, because the books of the Treasury Department showed a balance of approximately $60,000 still available for the payment of 1920 bills.

The CHAIRMAN. You had better get the Treasury to make a statement to that effect before we get through here, so that we may know what they say about it. We can not assume that it is there.

Mr. WAGNER. We supposed that when the Director of the Budget had passed upon the matter, it has been settled.

The CHAIRMAN. Perhaps you were pretty smooth in persuading the Director of the Budget, but you will find it more difficult, perhaps, to persuade us. He does not stop to inquire.

Mr. WAGNER. As I recall his broom episode, it seems to me that he inquires very thoroughly into things.

The CHAIRMAN. The clerk informs me that the appropriation is available for two years after the close of the fiscal year for the payment of obligations created.

Mr. WAGNER. That is why we are asking that part of the money be transferred to the 1921 appropriation, rather than for any additional funds.

CHARACTER OF LIABILITIES.

The CHAIRMAN. It is a rather extraordinary thing, and we will have to think it over. What was the obligation?

Mr. WAGNER. To pay bills for the maintenance of aliens. We have outstanding obligations at the present time of approximately $50,000. We have a balance in the appropriation "expenses of regulating immigration, 1921" of, in round figures, $10,000. We are also expecting repayments of about $22,000 for expenditures not contemplated by the statute as an ultimate charge against the United States.

The CHAIRMAN. If you get that money, you will have enough to meet this obligation?

Mr. WAGNER. Not all of it, but a good part of it. There would be a difference of, say, $20,000, in round figures.

The CHAIRMAN. How do we know that there is a balance of $60,000 in this appropriation?

Mr. WAGNER. We know that there are no pending claims against that appropriation.

Mr. BYRNS. This would really amount to an appropriation, because you can not spend this money if it is left where it is.

Mr. WAGNER. No, sir; it can not be spent except for this particular purpose.

Mr. BYRNS. You have no 1920 obligations?

Mr. WAGNER. No, sir; they are all paid, so far as we know. There might be $500 or $1,000 in bills coming in from various sources, for instance, the War Department might have done some work for us for which it has not as yet submitted its bill.

Mr. BYRNS. What is the character of these obligations for the support of aliens? Are they obligations due institutions?

Mr. WAGNER. No, sir; these obligations are due the United States Public Health Service for the maintenance of aliens at Ellis Island. The steamship lines, for the most part, are responsible for those bills, but we can not collect the money in advance from them. Therefore, the Government advances the money, or is responsible for the amount, to the Public Health Service, and then bills the steamship companies. When the repayments come in, they go to restore our appropriation to that extent.

The CHAIRMAN. You collect only about 55 cents per capita, do you not?

Mr. HUSBAND. It is 61 cents now for meals and we have added to that a flat charge of 25 cents for other service. However, this does not refer to hospital cases.

The CHAIRMAN. What you really ought to do is to charge them a little over $1 per day.

Mr. HUSBAND. Yes, sir; but we must have legislation for that, I think. We have asked the opinion of the solicitor as to what we are able to do and have gone to the limit under the present law.

The CHAIRMAN. What you want to do is to take money out of the unexpended balance of the appropriation for 1920 to pay some expenses of the fiscal year 1921?

Mr. HUSBAND. Yes, sir.

The CHAIRMAN. And the purpose of the expenditure is to pay bills accumulated for the maintenance of aliens at Ellis Island, under the jurisdiction of the Public Health Service?

Mr. WAGNER. Yes, sir; and for which we are not ultimately responsible, but assume the responsibility and then collect later on from the steamship lines.

REFUND TO VACCARO BROS. & CO. AND UNITED STATES SHIPPING CO.

The CHAIRMAN. The next item is—

Refund to Vaccaro Brothers and Company: For refund of immigration fine erroneously assessed and collected from Vaccaro Brothers and Company, at New Orleans, Louisiana, $10.

Is that where the Secretary of Labor assessed a fine against a ship for some violation of the regulations?

Mr. WAGNER. Yes; sir; and it is later discovered that the fine should not have been imposed; meanwhile the money has been covered into the Treasury by the collector.

The CHAIRMAN. Is the same thing true of the item for refund of immigration fine erroneously assessed and collected from the United States Shipping Co., at Norfolk, Va., $340?

Mr. WAGNER. The same thing exactly; yes, sir.

The CHAIRMAN. These fines have been canceled?

Mr. WAGNER. They have been canceled; yes, sir.

The CHAIRMAN. And they were collected?

Mr. WAGNER. They were collected and deposited with the collector of customs.

The CHAIRMAN. And have gone into the Treasury of the United States?

Mr. WAGNER. Yes, sir.

The CHAIRMAN. The only way you can get them out is by an appropriation?

Mr. WAGNER. Yes, sir.

The CHAIRMAN. How do you reach the conclusion that these fines are erroneously assessed?

Mr. WAGNER. The steamship line is required to deposit the money as soon as the commissioner at the port reaches the opinion that the alien is here unlawfully. Then the record is sent to the Secretary of Labor and the steamship line has an opportunity to submit evidence showing why the fine should not be assessed.

The CHAIRMAN. Then the fine is automatically deposited?

Mr. WAGNER. Yes, sir.

The CHAIRMAN. Without a trial of the case?

Mr. WAGNER. Yes, sir.

The CHAIRMAN. And when evidence is taken it subsequently appears that the fine was erroneously assessed?

Mr. WAGNER. Yes, sir.

The CHAIRMAN. These are two such cases?

Mr. WAGNER. Yes, sir. You will recall we had several others in the previous bill.

TUESDAY, FEBRUARY 21, 1922.

CHILDREN'S BUREAU.

STATEMENTS OF MISS GRACE ABBOTT, CHIEF CHILDREN'S BUREAU, AND MISS LAURA ELMORE.

PROMOTION OF THE WELFARE AND HYGIENE OF MATERNITY AND INFANCY.

The CHAIRMAN. You have before us, Miss Abbott, a proposal for an appropriation of $1,480,000.

Miss ABBOTT. Yes; that is in connection with the Sheppard-Tower Act of November 23, 1921, which authorizes an appropriation——

The CHAIRMAN (interposing). Will you be kind enough to give us an outline of all the activities that are to be carried on under this proposed appropriation?

Miss ABBOTT. Under the act an allotment is made to each State that accepts——

The CHAIRMAN (interposing). That is not what I want to know. I want you to give us an outline of the activities that are going to be carried on.

Miss ABBOTT. In the States or by the Children's Bureau?

The CHAIRMAN. It does not make any difference how you do it. Just give us a general outline.

Miss ABBOTT. The activities will be for the promotion of the welfare of maternity and infancy and will be designed to prevent the high infant mortality rate now existing among mothers and infants, and the set up here contemplated is the expenditure by the Children's Bureau of $50,000 in the administration of the act.

MEDICAL DIRECTOR—SALARY AND DUTIES.

The CHAIRMAN. In the administration of the act you propose to have an organization consisting of a medical director at $4,000 a year. Is the medical director to be the head of the organization?

Miss ABBOTT. Yes; the head of its administration.

The CHAIRMAN. What are the duties of the medical director?

Miss ABBOTT. Well, the act calls for——

The CHAIRMAN (interposing). This is administrative. Tell us what the medical director's duties are. We know what the act calls for. We want you to tell us what the medical director will do.

Miss ABBOTT. The medical director will consult with the State directors of child hygiene; direct such investigations as are made; recommend the policy which the bureau will adopt as to the plans submitted by the States.

The CHAIRMAN. Who suggested this compensation for the medical director?

Miss ABBOTT. The bureau itself; that is the estimate which is put in.

The CHAIRMAN. Who made the estimate? Who made the figures?

Miss ABBOTT. The Children's Bureau submitted them to the Bureau of the Budget.

The CHAIRMAN. And they submitted them to us just as they were submitted to them, did they?

Miss ABBOTT. Yes, sir.

The CHAIRMAN. How did you reach the conclusion that $4,000 was the right compensation to be paid to the medical director?

Miss ABBOTT. Well, the State directors of child hygiene divisions, which are comparable divisions, and with which we must compete for our personnel have salaries of about this amount. I have some of them with me. Delaware pays $5,000. New York took from the Child Hygiene Division of the Children's Bureau a person who was getting $2,880 and is now paying that person $4,500; Illinois pays $4,200; Massachusetts pays $4,000; Pennsylvania, $4,000; New Mexico, $4,000, and California, $3,600. So it seemed to us that as this position required a type of person who was experienced in the field of child hygiene and also well trained, $4,000 was none too much. There are not many qualified, sir, so that unless we can compete with the State child hygiene divisions and others who are doing the same line of work the bureau will be very much handicapped in its staff.

The CHAIRMAN. You say the medical director is the head of the bureau?

Miss ABBOTT. Not the head of the Children's Bureau; I am the head of the Children's Bureau, and the medical director would be in charge of this part of the Children's Bureau activities.

The CHAIRMAN. What is your compensation?

Miss ABBOTT. $5,000.

The CHAIRMAN. Is that fixed by law?

Miss ABBOTT. Yes, sir.

The CHAIRMAN. The medical director would be directly under you, would he?

Miss ABBOTT. Yes, sir.

The CHAIRMAN. Or, is it a woman?

Miss ABBOTT. Yes.

The CHAIRMAN. All of these are women, are they?

Miss ABBOTT. Not necessarily, no; we have some men in the Children's Bureau.

The CHAIRMAN. Is there one medical director only?

Miss ABBOTT. There would be one general administrative person with reference to the Sheppard-Towner Act, who will be a doctor and who will have that salary of $4,000.

PROPOSED PERSONNEL, SALARIES AND DUTIES.

The CHAIRMAN. Then you have an assistant medical director, at $3,500 per annum. You just have the one assistant medical director?

Miss ABBOTT. Yes, sir; but we have the same salary, $3,500, for another doctor who is a consultant in the field.

The CHAIRMAN. Where does that appear?

Miss ABBOTT. In the field service further down.

The CHAIRMAN. Then you have a secretary to the director at a salary of $1,800 per annum and an administrative clerk at $2,000 per annum. Why do you make the secretary's salary less than the salary of the administrative clerk?

Miss ABBOTT. Well, because the administrative clerk has to keep track of the allotments that are made to the States, and more or less check up on the State plans in order to certify to the Treasury that the allotments made should be paid. It is in the nature of auditing what the States are doing with the funds going to them.

The CHAIRMAN. This allotment is made for six months, is it not?

Miss ABBOTT. Well, the act provides that the appropriation shall be available for a longer period than the end of the fiscal year.

The CHAIRMAN. But in making appropriations we are not bound by the act; we are bound by the Treasury and the interests of the United States. These people are not on the pay roll now, are they?

Miss ABBOTT. No.

The CHAIRMAN. And, of course, would not be on the pay roll for some time to come. They could not be on the pay roll until this bill becomes a law, and, of course, you would not expect to have appropriations made for a period longer than they were in the service.

Miss ABBOTT. Not unless it was to continue.

The CHAIRMAN. It can not continue beyond the end of the year.

Miss ABBOTT. The act authorizes these appropriations to be available after the end of the year.

The CHAIRMAN. I know it authorizes them, but it does not force us to make them.

Miss ABBOTT. I understand that; but the act provides that the appropriation made to the Children's Bureau for administration is to be available until it is expended, and that so much of the amount apportioned to any State for any fiscal year shall remain available.

Mr. BYRNS. The appropriations in this bill only run to the 1st of next July.

The CHAIRMAN. This is a deficiency bill, and the bill which becomes effective the 1st of July is for the next year.

Miss ABBOTT. You mean that these provisions in the act would be binding on the regular appropriation when they would not be on a deficiency appropriation?

FIELD SERVICE PERSONNEL—SALARIES AND DUTIES.

The CHAIRMAN. No; we only make appropriations for a period from the time this bill becomes a law until the 1st of July; it does not go beyond that. This is to fill in the intervening space between now and the 1st of July. In the field service you have a doctor, consultant, at $3,500 per annum. Tell us where the field service doctor would be.

Miss ABBOTT. We have 31 States that have accepted the provisions of the Sheppart-Towner Act. I thought you might be interested in knowing which States they are, so I have brought a chart which shows those States.

The CHAIRMAN. We will go into that a little later.

Miss ABBOTT. Each one of them has a director of their child-hygiene work, and what we expect this doctor to do is to go and consult with them about the plans and details of the work.

The CHAIRMAN. So this doctor will be a traveling man?

Miss ABBOTT. Practically constantly; but, of course, the medical director and assistant director will have to go out at times because one person can not cover the 31 States.

The CHAIRMAN. You propose three doctors for special demonstrations.

Miss ABBOTT. Yes. These would be units that would go out, consisting of a doctor, a nurse, and a clerk, and occasionally a special agent in the group who would do some follow-up work. They would give demonstrations of what a child health conference is and how examinations are made.

Mr. BYRNS. Will these doctors be expected to give their entire time to the work?

Miss ABBOTT. Yes; all would be engaged in the work and devote their entire time to it.

The CHAIRMAN. All of these employees will devote their entire time to the service?

Miss ABBOTT. Yes, sir.

The CHAIRMAN. They would not be periodically employed and perform other work outside?

Miss ABBOTT. No; they are full-time people.

MATERIAL FOR REPORTS.

The CHAIRMAN. Under the head of "Miscellaneous" you have material for reports. How did you reach the conclusion that it would take $9,500 for six months?

Miss ABBOTT. We went very carefully over our expenditures in connection with the popular publications which the bureau now gets out. We have a publication on infant care and prenatal care, etc. We have a great number of demands, and those demands have been very greatly stimulated by the passage of the act. So that the requests that are in for the pamphlets we now issue, and a few other pamphlets of a sort that will be necessary, make our needs amount to about $9,500.

The CHAIRMAN. Is it the policy of the Child Hygiene Welfare Bureau to mainly do work through reports?

Miss ABBOTT. The Children's Bureau has done its work in that way up to the present time, because the bureau only investigates and reports. Except where, in connection with investigating and reporting, we send some one into the field for the purpose of consulting with people, that has been its sole method of operation. It did for a time administer the first Federal child labor law, but except for that it has no function except that of investigating. But with the passage of the Sheppard-Towner Act our functions will be more than that. We will be supposed to see that the plans which are adopted are actually being carried out in the States, and that the money apportioned to the States is being expended for the purposes for which it was voted.

The CHAIRMAN. What is the character of the reports?

Miss ABBOTT. The reports will be reports that relate to the work.

The CHAIRMAN. They will not contain any propaganda outside of the actually authorized activities?

Miss ABBOTT. Oh, they will absolutely contain nothing of that kind.

The CHAIRMAN. They will not be pamphlets intended to exploit those who are engaged in this activity?

Miss ABBOTT. Oh, no. Do you mean ourselves?

The CHAIRMAN. Yes.

Miss ABBOTT. Oh, no. The reports would deal entirely with the work that is being carried on.

The CHAIRMAN. Have you copies of some of your reports?

Miss ABBOTT. No; but I will be glad to send them to you. Most of them are popular pamphlets that a mother uses in connection with the care of children.

The CHAIRMAN. Appropriations have been very badly abused upon this question of reports.

Miss. ABBOTT. I will be very glad to send those over to you.

The CHAIRMAN. And I think it has been one of the scandals of the Government departments.

Miss ABBOTT. We have a very great demand for these reports. In the last few months the individual requests from mothers for one of these infant-care pamphlets have numbered about 6,000 a month. and then we get a great many requests for larger numbers from child hygiene bureaus, visiting nursing and Red Cross organizations.

The CHAIRMAN. We are glad to cooperate with any legitimate activity.

Miss ABBOTT. I am sure of that, and we will be glad to submit our reports and pamphlets to you.

The CHAIRMAN. But we want to be sure it is a legitimate activity because our job is not only to try to provide for the necessities of this activity, but to visualize the entire country.

Miss ABBOTT. I will be very glad to send the reports to you.

PER DIEM IN LIEU OF SUBSISTENCE AND TRAVELING EXPENSES.

The CHAIRMAN. The next item is per diem in lieu of subsistence. $10,560. How did you reach that amount?

Miss ABBOTT. That is very roughly reached. We tried to figure the number of States that would accept; we did not know the number of States that would accept the act when we made that estimate.

The CHAIRMAN. Is that figured on the basis of what the law allows?

Miss ABBOTT. Yes, $4 per diem; that is what the bureau uses, and we try to figure the number of days these people would be out. That is a rough estimate.

The CHAIRMAN. But it is on the legal basis?

Miss ABBOTT. On the legal basis of $4 per diem. The traveling expenses are figured on the same basis of time and persons. We tried to make a careful estimate.

The CHAIRMAN. That is, you estimated how many people would be out and how many miles they would travel.

Miss ABBOTT. Yes. We do not know how many States will accept and we did not know at the time those estimates were made.

SUPPLIES AND EQUIPMENT.

The CHAIRMAN. For office supplies and equipment you estimate $1,300. You already have office supplies, I suppose?

Miss ABBOTT. Yes; but these would be additions to the staff.

The CHAIRMAN. Do you get your supplies from the Supply Committee?

Miss ABBOTT. Yes; and they charge us full rates on all those things.

EXPRESS.

The CHAIRMAN. Then you have an item for express. Do you express these reports?

Miss ABBOTT. Oh, no; we express our exhibit material and things of that sort.

The CHAIRMAN. What have you in the shape of exhibit material?

Miss ABBOTT. Well, it is exhibit material that is principally used in connection with the child-hygiene demonstrations, scales on which to weigh the babies, and things of that sort.

The CHAIRMAN. Do you mean that you weigh the babies?

Miss ABBOTT. Oh, my, yes; when we go out for a demonstration we examine them and weigh them. Then we have simple things that the mother may use, such as cradles.

The CHAIRMAN. Do you mean you furnish cradles for them?

Miss ABBOTT. No; we have simple ones along with us for the mother to see.

FIELD RENT.

The CHAIRMAN. Then you have an item for field rent.

Miss ABBOTT. We practically never have field rent. It might happen, though, that at some time we would have to hire a place and pay rent, so we put in an item with reference to it.

Mr. BYRNS. When you go out you usually use the resources of the community, do you not?

Miss ABBOTT. Yes.

The CHAIRMAN. I do not think we ought to allow any rent in the field.

Mr. BYRNS. In cooperating with the State would you not use the State offices?

Miss ABBOTT. Yes; but some time you might go out into a town where the State has no offices.

Mr. BYRNS. You would only be there for a short while.

Miss ABBOTT. But you must have some place.

The CHAIRMAN. They go to a hotel, do they not?

Miss ABBOTT. They stay at a hotel; yes.

The CHAIRMAN. They do not rent an office, do they?

Miss ABBOTT. No, they do not use their hotel room for an office.

The CHAIRMAN. I do not think that is a proper charge.

Miss ABBOTT. But it might happen that we would have a group in a town where there is no space in the Federal building. We usually get space in the post office building if we can get it.

Mr. BYRNS. You are cooperating with the States. Of course, the States put up money and you contribute money to the States, and when you go into a State I presume, of course, you consult with the health authorities.

Miss ABBOTT. Yes, sir.

Mr. BYRNS. That being so, why would it not be possible to get quarters with them?

The CHAIRMAN. It is a dangerous thing, because it grows worse than sweet clover.

Miss ABBOTT. That has not been our experience.

The CHAIRMAN. And we have no desire to make it grow.

Miss ABBOTT. That is not the practice with us.

The CHAIRMAN. It may not have been with you, but we know what the practice is in all other departments.

Miss ELMORE. We have not spent $200 during the past year, and we have only hired space when we had to house our records.

The CHAIRMAN. That would be storage; I should not think you would call that rent, but if it is rent I do not think we should consider it, because that is one of the most iniquitous things we have to deal with.

Miss ABBOTT. I do not think you will find there has been any abuse in the Children's Bureau.

The CHAIRMAN. We have no complaint to make; we are just giving you a warning.

Miss ABBOTT. You may be giving me a tip as to opportunities that have never occurred to us.

The CHAIRMAN. We are not at all enamoured with that sort of an expenditure, although it is not large here.

Miss ABBOTT. No, and it never would be large.

PROPOSED ALLOCATION OF APPROPRIATION.

The CHAIRMAN. It is not the amount involved now but it is the future we must have in mind. Now, why do you ask for $1,480,000?

Miss ABBOTT. Because the act provides or authorizes the expenditure of that amount.

The CHAIRMAN. For a year.

Miss ABBOTT. Well, it says it is to be available for a year after that time, and it was on that basis that we asked that amount.

The CHAIRMAN. Of course, you know the act provides for that amount of money for one year, that is, $1,480,000 for the first year and after that $1,240,000.

Miss ABBOTT. Yes, sir.

The CHAIRMAN. And that is on the basis of a full 12 months, not on the basis of 4 months or 3 months?

Miss ABBOTT. I supposed it was on the basis of 24 months; I mean to run for a year longer.

The CHAIRMAN. All acts provide that unexpended balances remain available for two years—that is, they do not go into the Treasury, but that does not mean that if you only have three months to go you would get the annual amount.

Miss ABBOTT. Is it your thought that we ought to have the recommendation that has been made by the Bureau of the Budget, $300,000?

The CHAIRMAN. We do not care what they recommend.

Miss ABBOTT. I just wanted to have something to discuss with you and tell you some of the difficulties in an estimate of that sort as far as administration is concerned. The act provides that any State that accepts the provisions of the act and can match $5,000

shall have $5,000, and then the balance is to be on the basis of population. Now, if the appropriation is made that way, that means that we would have to set aside out of the $300,000, $240,000 ($5,000 for each State) and then if 5 per cent went to the Children's Bureau for the purposes of administration that would be $15,000, which would leave $45,000 to be apportioned among the several States on the basis of population.

The CHAIRMAN. Whatever the proportion of the year is, of course, is as far as we would go in making an appropriation. There is no doubt about that.

Miss ABBOTT. The difficulty at the present time is that we do not know how many States will accept between now and the time we get the money available.

The CHAIRMAN. That does not make any difference.

Miss ABBOTT. It makes a difference as far as what is available for the States is concerned. I want to be entirely frank with you about the number of States that have come in and what we think they are going to do. We have had these 31 States accept. Most of the acceptances have been by the governors because the State legislatures are not in session and many of them have no money available and can not match the Federal funds, although some of them can. Some of the acceptances have been through legislative action.

The CHAIRMAN. That is, the acceptances have been through legistive acts?

Miss ABBOTT. Yes, sir. We have had information from a good many of them that they expect to be able to match the Federal funds, but we have not had an actual showing that they will be able to match.

The CHAIRMAN. We would like to know those that have actually set apart the money, if we can get that information.

Miss ABBOTT. I should consider that our information on that was entirely incomplete. They have sent us word that they expect to be able to match it but we are not sure that they will actually be able to do so, and we will not be able to know until we see the terms of the appropriations made. This chart shows the States whose legislatures are now in session and who might accept before July 1 and match the entire amount, but what it will be on that basis we can not say.

The CHAIRMAN. What do these black lines indicate?

Miss ABBOTT. These [indicating] are the States whose State legislatures have accepted.

The CHAIRMAN. And as to the others you have had no response?

Miss ABBOTT. We have heard from some of them, and there are some State legislatures now in session, New York, Massachusetts, New Jersey, Kentucky, etc.

The CHAIRMAN. You have six States that have legally accepted?

Miss ABBOTT. Yes. The act only went into effect November 23. New Mexico, North Dakota, Delaware, and Minnesota accepted before the act went into effect; South Dakota did also, but with the qualification that the act was not amended from the form in which it was then before Congress; of course, it was amended so that the act will have to be accepted over again. The legislatures of Oregon and Virginia have accepted since the act was passed.

The CHAIRMAN. We will work this out, but I think it is only fair to say to you that it will be worked out on the basis of the remainder of the year. For the balance of this year the States will get their proportion and we will expect you to give them the proportionate amount they are entitled to for the balance of the year.

Miss ABBOTT. Well, that means, of course, that a good deal of the $300,000 will not be spent.

The CHAIRMAN. You must remember that this bill only provides for the activities until the 30th of next June; we do not go beyond that in this bill.

Mr. CANNON. Does it require an act of the legislatures of the respective States?

The CHAIRMAN. Before they can be allotted anything out of this fund.

Miss ABBOTT. They can get their appropriation pending the next meeting of the legislature on the basis of the governor's acceptance.

Mr. CANNON. Do you mean that you pay them the money just on the mere request of the governor?

Miss ABBOTT. Yes, his formal acceptance, pending the meeting of the next regular session of the legislature.

The CHAIRMAN. Is that what the act says?

Miss ABBOTT. Yes.

The CHAIRMAN. Of course, we will look that up before we make the appropriation.

Miss ABBOTT. It is section 4 of the act.

Mr. KELLEY. I have forgotten the exact wording of the act, but is there not some provision which authorizes a redistribution to the States that accept the benefits of the act of the share of those which do not accept?

Miss ABBOTT. No; there is not. What I would like to have to the end of this year would be that those which do accept shall get the full amount.

The CHAIRMAN. It would not be fair to do that, because they would not use it and they would not be ready for two or three months.

Miss ABBOTT. Why could they not use it if it runs for a period of 15 months?

The CHAIRMAN. We do not want to provide something for disposal next year that ought to be disposed of this year. We have got to look at the Treasury of the United States. Our job is to visualize the whole United States and consider the taxpayer.

Miss ABBOTT. And mine is to visualize the mothers and children who are dying.

The CHAIRMAN. Yours is to advocate the activities in which you are engaged.

Miss ABBOTT. No; I do not regard it as that. Very little of this comes to my particular bureau. I am thinking of the mothers and children out in the field who are suffering an unnecessary and terrible loss of life.

Mr. BYRNS. The annual bill will carry the amount you can allot to the States for the fiscal year beginning July 1 of this year and ending June 30, 1923. If the act provides so much money for the entire year and we were to allot the full amount for the period between now and July 1, then in addition to that money your allotment for the next 12 months would exceed the authority contained in the act.

Miss ABBOTT. As soon as this appropriation becomes available, or within a period of 60 days after it becomes available, I am supposed to make an allotment to the individual States, and that is to be based on whether they have accepted or not, how much they have matched of the amounts, and so on, and that the plan under which they propose to expend it has been approved by the Federal board. Then next July—and I am stating this as I understand it—when the appropriation for 1923 becomes available we allot again under that appropriation, and it may be a different allotment. An allotment is made to the individual States that have accepted the act and matched the funds that are to be matched and had their plans approved. Is not that correct?

Mr. BYRNS. Congress only makes its appropriations by fiscal years.

Miss ABBOTT. Well, I am thinking of that and I had that in mind.

The CHAIRMAN. Of course, we have no other alternative except to carry out the law; we have restrictions on our right to do things, and we can not do for this activity what we can not do for any other activity.

Mr. KELLEY. I do not quite understand what Miss Abbott really wants.

The CHAIRMAN. She wants the whole of this sum.

Mr. KELLEY. Do you want money appropriated now for the four months of this year plus the 12 months of next year?

Miss ABBOTT. No.

Mr. KELLEY. Then what is it you want?

Miss ABBOTT. My understanding is that if you appropriate, let us say, $300,000 now and it is not spent by the several States between now and July 1, it is available for the period of one year after that. Suppose Illinois' allotment is $40,000: if the allotment is not spent between now and July 1 it is available for the period of one year after that. That is what the act provides.

The CHAIRMAN. We can not do that and we have no authority to do it.

Mr. BYRNS. That would be up to the comptroller general, anyhow. The comptroller general would decide whether this money could hold over, but ordinarily under the law it would go into the Treasury.

The CHAIRMAN. Section 4 of this act provides:

> In order to secure the benefits of the appropriations authorized in section 2 of this act, any State shall, through the legislative authority thereof, accept the provisions of this act and designate or authorize the creation of a State agency with which the Children's Bureau shall have all necessary powers to cooperate as herein provided in the administration of the provisions of this act: *Provided*, That in any State having a child-welfare or child-hygiene division in its State agency of health, the said State agency of health shall administer the provisions of this act through such divisions. If the legislature of any State has not made provision for accepting the provisions of this act the governor of such State may in so far as he is authorized to do so by the laws of such State accept the provisions of this act and designate or create a State agency to cooperate with the Children's Bureau until six months after the adjournment of the first regular session of the legislature in such State following the passage of this act.

So, as a matter of fact, you would have to ascertain whether the governor of the State had the power to accept or to promise to participate. The only safe thing to do, in my judgment, is to make no allotment on the suggestion of the governor of a State until the legislature itself has acted, because in nine times out of ten the

governor has not the power to do it and could not bind the legislature to furnish the money.

Miss ABBOTT. If not they will not get their allotment of $1,000,000.

The CHAIRMAN. His recommendation could not bind the legislature any more than the recommendation of the President could bind us.

Miss ABBOTT. No; but the act provides in section 2:

For the purpose of carrying out the provisions of this act there is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, for the current fiscal year $480,000, to be equally apportioned among the several States and for each subsequent year, for the period of five years, $240,000.

That does not have to be matched by the States; it is available without being matched.

Mr. KELLEY. By acceptance?

Miss ABBOTT. Yes, sir.

Mr. KELLEY. What you want to do is not to put up any funds that are not paid out to the States under this law, but make them available after the 1st of July?

Miss ABBOTT. Oh, no.

The CHAIRMAN. Whenever they are in a position to accept.

Miss ABBOTT. What I have in mind is this: If up to July 1, 1922, only 31 States accept and they got $10,000, that would be out of the $480,000 that only $310,000 would be expended.

Mr. KELLEY. We appropriate now up to the 1st of July to administer the law and when the 1st of July comes if there is something left it goes back into the Treasury. That is all we can do.

The CHAIRMAN. We do not have to appropriate $480,000 unless it is for a year. The law provides that the $480,000 shall be allotted for the first year, but it does not say allotted for the first three months.

Miss ABBOTT. That is not on the basis of population and I took it for granted that there was no question as to that.

The CHAIRMAN. It says, "for the current fiscal year." The current fiscal year is not three months.

Mr. BYRNS. I do not know whether I have clearly comprehended what you want. Suppose a State was entitled to $10,000 for a year and that State contributed, made a contribution to match that $10,000, then this deficiency bill would carry only an appropriation for four months; it would be your idea instead of turning over $2,500, to turn over the entire $10,000?

Miss ABBOTT. Yes, sir. Many of the States are not going to accept it, are not going to be able to match it, because they have not the legislation.

The CHAIRMAN. It says:

For the purpose of carrying out the provisions of this act, there is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, for the current fiscal year, $480,000.

Now, the fiscal year is nearly over. We can not pay for the current year during a period of three months. We are bound by the law.

Miss ABBOTT. But notice the last paragraph of section 2:

So much of the amount apportioned to any State for any fiscal year as remains unpaid to such State at the close thereof shall be available for expenditures in that State until the close of the succeeding fiscal year.

So it does not have to be expended during the four months' period.

The CHAIRMAN. We are bound by the law, which is perfectly clear.

Mr. KELLEY. We can not appropriate beyond the 1st of July.

The CHAIRMAN. Section 2 is the part of the law upon which you rely?

Miss ABBOTT. Yes, sir.

The CHAIRMAN. Let us see what it says:

There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, for the current fiscal year.

That means the whole thing. That means from one end of the year to another; it does not mean for three months.

Miss ABBOTT. I had not thought so.

The CHAIRMAN. That is right.

Mr. BYRNS. It would seem to me that you would have no authority under the express terms of the act to give them the entire amount for 1922 when only to be used for three or four months.

The CHAIRMAN. It is clear; it is definite, conclusive, and mandatory on us. We can not avoid it without violating our oaths.

Miss ABBOTT. This act is an appropriation act of $1,480,000.

The CHAIRMAN. It is not an appropriation.

Miss ABBOTT. It is an authorization; that was a slip on my part. It makes a great deal of difference, I am entirely aware. It seems to me under the reference cited to contemplate more than the current year.

The CHAIRMAN. No; it does not. It says for the fiscal year.

Mr. KELLEY. When the law was passed it was not known how many months would be left.

Miss ABBOTT. It takes more money to get under way than afterwards, because the whole thing is tentative and a demonstration was to be made in most of the States. The act was passed in November 1921. It was entirely rewritten at that time, everything was changed except the enacting clause, but these amounts were left the same.

The CHAIRMAN. It is not a question as to when the act was passed, but the period that it is going to be in force.

Mr. KELLEY. I think it is perfectly clear that we can only appropriate for the part of the year that has not expired.

Miss ABBOTT. As I understand, you are not bound by the act; you could make it two or three million dollars..

The CHAIRMAN. And we could refuse to make it anything.

Miss ABBOTT. I know that.

The CHAIRMAN. We can not go beyond the authority, beyond the authorization.

Mr. KELLEY. If a State were entiteld to $5,000 or $10,000 for a year, you would not be authorized to give it $10,000 just for the balance of this year?

Miss ABBOTT. That is what we would like to authorize.

Mr. SISSON. If one week of a year remained, that would be absolutely absurd on its face.

Mr. KELLEY. And then you would have to run up against the accounting officers.

Mr. SISSON. Under the deficiency act you will have to apportion it so much a month. You can not create a deficiency.

The CHAIRMAN. The deficiency act provides that no deficiency can be created except under certain circumstances. It provides also that the appropriation must be allotted by months and that no one month's allotment shall exceed one-twelfth of the entire yearly appropriation; that if the law is violated the person who violates it is liable to be removed from office, liable to be fined, and liable to be sent to prison for having violated his oath. There are many things that we have to pay some attention to.

For example, if a woman had 10 children and her husband decided on the last day of the eighth month of the year to give her an allowance of $10,000 a year to maintain them, she would not get the $10,000 for the last four months?

Miss ABBOTT. If he said, "I will give you $10,000 this year, $10,000 next year," I would think I was going to get it.

The CHAIRMAN. The regulations, laws, and Constitution have been pretty wisely planned.

Miss ABBOTT. I think so, too. I am a firm believer in the Constitution.

The CHAIRMAN. There has been rather an extravagant waste of public money.

Mr. SISSON. Even with all the restrictions?

The CHAIRMAN. Yes, sir.

Miss ABBOTT. And sometimes because of the restrictions.

The CHAIRMAN. We are here to do the best we can for everybody and to see that no money is wasted.

Miss ABBOTT. Will there be a limitation put upon the salaries that we can pay?

The CHAIRMAN. There certainly will be.

Miss ABBOTT. So that we can not pay the amounts asked in the estimates?

The CHAIRMAN. We can not allow anybody to fix salaries. I do not know that these figures are very exorbitant.

Miss ABBOTT. I should like to put in the record the amounts being paid for the administration of similar measures.

The CHAIRMAN. We want to restrict lump-sum appropriations to prevent the fixing of salaries beyond a certain number at a certain rate. If we do not do that, it is equivalent to saying to any man, "You can fix any salary you like." We can not do that. Congress must assume the responsibility for that.

Miss ABBOTT. I mean the amounts that we have asked in the estimates.

The CHAIRMAN. I do not know what the policy of the committee will be. I am frank to say that I do not think these are such exorbitant compensations, but so far as the number of people who can be permitted to be paid over a certain amount, you can only have one at $4,000 and one or two at $3,500. We want to help you to administer it successfully.

Miss ABBOTT. Yes, sir; I am sure.

The CHAIRMAN. The only thing we are anxious about is not to leave it wide open so that influence can be brought to bear. I suppose you are just as susceptible to influence in fixing compensation as anybody else.

Miss ABBOTT. As far as I am personally concerned, there is no influence that counts except the job. We must have efficient persons for an economic administration.

The CHAIRMAN. We will join in helping you to do that.

Miss ABBOTT. That is the only thing I have in mind.

The CHAIRMAN. In having a lump sum there is always the danger of influence being brought to bear to increase the salaries of other people—likely to get it top heavy. While we do not put on the limitation with a view to embarrassing anybody, we put it on only for the purpose of having it run along the right line.

Miss ABBOTT. We are very eager to do that.

MONDAY, FEBRUARY 20, 1922.

DEPARTMENT OF THE NAVY.

STATEMENTS OF HON. EDWIN DENBY, SECRETARY OF THE NAVY; ADMIRAL ROBERT E. COONTZ, CHIEF OF NAVAL OPERATIONS; REAR ADMIRAL DAVID W. TAYLOR, CHIEF CONSTRUCTOR OF THE NAVY; REAR ADMIRAL JOHN K. ROBISON, ENGINEER IN CHIEF; REAR ADMIRAL DAVID POTTER, PAYMASTER GENERAL; CAPT. T. W. LEUTZE, ASSISTANT TO PAYMASTER GENERAL; CAPT. PHILIP WILLIAMS AND COMMANDER L. B. PORTERFIELD, BUREAU OF NAVIGATION; CAPT. S. W. BRYANT AND COMMANDER L. NOYES, OFFICE OF NAVAL COMMUNICATIONS.

GENERAL STATEMENT.

The CHAIRMAN. Mr. Secretary, you desire to make a general statement?

Secretary DENBY. Yes, sir; just a general statement, Mr. Chairman.

The CHAIRMAN. We have before us, Mr. Secretary, the recommendations for deficiencies for the Navy Department, and we will be very glad for you to make any statement you desire.

Secretary DENBY. I should like to read a written statement, which I need not assure you has not been published.

The CHAIRMAN. Very well; proceed, Mr. Secretary.

Secretary DENBY. Mr. Chairman, I appear before you this morning regarding the supplemental and deficiency estimates of appropriations required for the naval service for the fiscal year ending June 30, 1922, and prior years. Those matters pertaining to the Bureau of Navigation, the Bureau of Construction and Repair, the Bureau of Engineering, and several minor matters, will be explained to the committee by the various bureau chiefs concerned, if the committee so desires. The particular subject to which I wish to call the committee's attention is fuel and transportation and, in a lesser degree, to freight, for freight and fuel are intimately connected. It is always possible, to a considerable extent, to utilize Government transportation for freight when funds are low, but this adds fuel cost. I realize that the President has expressed the wish that there be no deficiencies,

and it is my duty to assist in every way the economical and efficient administration of the Government finances. It is, however, also my trust and duty to maintain the Navy in an efficient condition.

Efficiency in the Navy is measured by four elements, all so interdependent that one can not be neglected without serious damage being done to the other three. These elements are:

First, personnel. The personnel must be efficient and sufficient to man the vessels required in commission for the furtherance of national policies and the protection of the country as a whole.

Second, gunnery: The individual ships must be able to fire their guns accurately and rapidly.

Third, engineering: The individual ships must be able to steam economically and at full power so as to maintain their position in the battle line, and for all other purposes, offensive and defensive.

Fourth, fleet training: The individual ships, when proficient in the foregoing three elements, must be molded into a homogeneous indoctrinated mass known as the fleet, able to maneuver and perform its battle evolutions, which are now becoming indescribably intricate under the stress of modern day battle condition. Those of you gentlemen who have seen a modern fleet in its maneuvers have probably marvelled, as I have, at the precision of the handling of the ships. When you stop to think that to the battleship training must be added the strategy and tactics of scouting, the training in the tactics of destroyer attack, defense against enemy submarines, attack by our own submarines, attack by our air units, and defense against enemy planes, it is clear that fleet efficiency can only be reached after weeks and months of continued work and training. It can not be learned out of a book. It must be learned by actual work at sea with all the various units involved.

When the estimates for fuel and freight were prepared for the present fiscal year and submitted to your committee, a total of $37,000,000 was stated to be necessary. Later this estimate was reduced to $30,000,000. The bill, as passed by Congress, provided for $17,500,000 for fuel. Of this total $1,000,000 is made available for the development of Alaskan coal fields. Of it approxmiately $2,500,000 is expended for gasoline, fresh water, incidental towage charges, maintenance of coaling plants, etc. This leaves, then, a total, roughly, of $14,000,000 for the purchase of fuel for the fleet. Should all the ships now in commission remain in port and at anchor the entire year, the fuel requirements would total approximately $12,850,000 and leave for operations underway the sum of approximately $1,150,000, as opposed to estimates of approximately $13,500,000 submitted by the Navy Department as the minimum to carry on this efficient training of the fleet.

The naval appropriation bill passed Congress July 12, 1921. At that time the transfer of oil burners and coal burners was being made from the Atlantic to the Pacific and vice versa. The midshipmen's practice squadron, five battleships, was in Norway. The Atlantic destroyers, in reduced commission, were in Newport. Steps were immediately taken, after the passage of the above-mentioned act, to reduce fuel expenditures, and more stringent and more drastic have been the orders from the department on this question as the reports from the Accounting Division come in. The Navy Department has done its best to minimize fuel consumption.

Combined fleet maneuvers were canceled. This I consider a loss to the fleet and to the Navy, but it was done with the instant need for economy in view even at the cost of naval efficiency. All full power trials ordinarily held by all vessels at least once a year, as a test of their engineering installations were canceled. The Atlantic and Pacific fleets moved to their target practice grounds at my orders, as I considered that target practice must be carried on at any cost. These fleets are now holding these gunnery practices. However, with the greatest reluctance I ordered that both fleets hold not a single maneuver except directly in connection with target practice.

Orders have been issued which reduce the steaming of the destroyers at Charleston, S. C., and at San Diego, Calif., in reduced commission to the insignificant total of eight hours per month.

With great regret the Navy Department has been forced to decline the requests of many seaport cities, seconded by Members of Congress, that certain war vessels be allowed to visit their ports on some special occasion and work with the local authorities in making the occasion a more brilliant success. The Navy Department likes to do this, as it not only gives the crews a respite and holiday in the midst of their gunnery and engineering work, but also affords an excellent opportunity for all American citizens to become acquainted with the Navy and so foster better understanding. I wish that Members of Congress, when opportunity offers, would visit the fleet or individual units of the Navy and see them under working conditions.

Many activities outside of the fleet activities must be carried on, however, in spite of scarcity of funds. As you gentlemen know, we have for the protection of American interests and the furtherance of the national policy, special squadrons in Asiatic waters, in the Latin American waters, and in the Near East region. Many special cruises are made at the request of the State and other departments, such as carrying American representatives, carrying ministers, and trips such as bringing home the unknown American in November last. Our foreign possessions require special trips to be made by naval transports when mercantile transportation is not available. Emergency conditions arise, such as that which occurred at the mysterious disappearance of the U. S. S. *Conestoga* in Pacific waters, where every available destroyer was compelled to be sent on search. I cite these various phases of the situation to show how many activities all involving expenditures the Navy is required to carry on, regardless of war or preparation for war. In view of all these conditions, I hope you will realize that the Navy Department has done its best to carry out the spirit of the restrictions placed upon this appropriation by Congress.

The whole general situation regarding the year's schedule for both fleets and all other craft was discussed and was approved by me as being in the best interests of the Navy and of the Government.

You have before you other deficiency items. In the matter of fuel I simply felt it my duty to here acquaint you with all the facts in the case, not only as this is the most pressing and important matter now, but because the estimates of this item for 1923 will be before this committee soon. Our estimates for 1923 are based on "no deficiencies." Therefore it is most desirable that the appro-

priation be adequate. We must cut our cloth to whatever allowance Congress makes.

In this connection, I desire to present for the committee's consideration the following documents, A, B, C, D, and E, being the orders and papers prepared by my direction in furtherance of economy of naval funds. The attention of the committee is invited to an extract from "Acts and resolutions, relating chiefly to the Navy, Navy Department, and Marine Corps," passed at the first session of the Sixty-sixth Congress, 1919. Under fuel and transportation, Bureau of Supplies and Accounts, it is provided "That the United States Shipping Board shall not require payment from the Navy Department for the charter hire of vessels furnished or to be furnished from July 1, 1918, to June 30, 1920, inclusive, for the use of that department when such vessels are owned by the United States Government * * *." Please note that this deprives the Navy Department of assistance rendered by the Shipping Board during the current fiscal year, requiring additional amounts to come out of our appropriation.

I also lay before you a statement in the nature of a balance sheet concerning fuel expenditures and fuel needs for the fiscal year 1922.

That balance sheet I should like to go over very briefly. It is accompanied by individual statements explaining each item. It is practically similar to an ordinary business balance sheet showing, first, the appropriation of $17,500,000, and then in detail by expenditures to November 30, coal and fuel oil, so much, gasoline, upkeep and operation of fuel depots and plants, charter hire for transportation of coal, charter hire of Shipping Board tankers, water, ice, miscellaneous items, and Alaskan coal development, for which we have spent up to date only $200,000.

COAL DEVELOPMENT IN ALASKA.

The CHAIRMAN. What progress is being made in the coal development in Alaska?

Secretary DENBY. We are making some progress, but personally I do not think that we should go into that at all; I think that belongs to the Interior Department.

The CHAIRMAN. I agree with you.

Secretary DENBY. I do not see any particular reason why the Navy should be up there at all.

The CHAIRMAN. You are drilling coal, not mining it?

Secretary DENBY. Just drilling, investigating, and studying the whole situation. It is one of those things that I see no reason why the Navy should have been in. The Interior Department is quite capable of continuing that.

The CHAIRMAN. You are not authorized to mine coal?

Secretary DENBY. No; I do not think we are. Purely development work.

The CHAIRMAN. You are just ascertaining whether the coal is there, the kind, and so forth?

Secretary DENBY. Studying the coal beds. I do not see any reason on earth why the Navy should keep up that work. I should not recommend the continuance under the Navy. The Interior Department can do it just as well as we can. There is a fuel consumption of $14,000,000 and a balance on November 30 of $3,454,000, which

is carried forward, and then the next item shows the consumption in December, and that is covered by Statement B, carried on down to December 31 showing then left a balance of $1,603,000 available. We still had and possibly at this moment have a little bit left in the appropriation, but it is very little. I am very anxious not to incur a deficiency, and we might have this supplemental legislation to prevent it. The balance January 1, 1922, was $1,603,000. Then we have estimated expenditures from January to June for coal of $2,419,000, fuel oil, $8,009,000, motor gasoline, $465,000, this is all by tons and barrels, and so forth. I will not stop now to go into that. Maintenance of coaling bunker depots and floating equipment, $496,957, tug hire, $96,000; water, $185,500; ice, $20,000; miscellaneous (electric current, storage, compressed air, steam, etc.), $117,000; Alaskan coal development, which we can stop, $500,000 more for the remaining six months, showing a total of $12,312,299.52, which deducted from the balance on January 1, $1,603,000, leaves an indicated deficit of $10,709,120.75. That is the figure that we wish to lay before you.

The CHAIRMAN. Does that take out the $500,000?

Secretary DENBY. No, sir; that leaves it in, but it seems to me that it more properly belongs to another department of the Government and I am perfectly willing to see it come out. I am not intimately enough acquainted with what is actually being done to know whether we can get out and save the entire amount.

The CHAIRMAN. I understand from an examination of other gentlemen connected with the Alaska Railroad that your people have simply been drilling?

Secretary DENBY. Yes, sir. It is probable that we could lay off very quickly and save all of the half million dollars, but I can not say. You probably know more about that than I do.

The wording of the law is:

> * * * for use in the discretion of the Secretary of the Navy in mining coal or contracting for the same in Alaska, the transportation of the same and the construction of coal bunkers and the necessary docks for use in supplying ships therewith; and the Secretary of the Navy is hereby authorized to select from the public coal lands in Alaska such areas as may be necessary for use by him for the purposes stated herein.

The Secretary of the Navy has limited the activities of the Navy under this provision of the law to the development of coal beds in the Matanuska region of Alaska and to a contract for the testing of 600 tons of coal from the Bering River fields. No mining of coal has been undertaken except in the "drifting" in connection with development. The remaining development consists in prospecting and in diamond drilling.

It is not the intention of the Navy Department to undertake mining in Alaska. The reason for the development of coal fields for the Navy in Alaska is to determine if sufficient Navy steaming coal is available from the coal fields of Alaska to supply the needs of the fleet in case of necessity. Under other circumstances the use of Navy steaming coal from the fields of Alaska, should such be available, would be contingent upon the cost of laying down Alaska coal in Pacific ports at a cost equal to or less than the cost of Navy steaming coal brought from the Atlantic coast of the United States.

Assuming the price differential to be favorable to the Navy steaming coal from the Alaskan beds, two alternatives are open to the

Navy Department—first, to enter into contract with the Department of the Interior for the mining of this coal, stipulating a minimum delivery required under emergency conditions; second, contracting with private enterprises for the mining of the coal in Alaska for a minimum output, the whole of the output to be deliverable to the Navy on demand; in the absence of demand to be sold in the open market.

The Department of the Interior have not stated their consent in connection with the contract mentioned in the first alternative, nor have any steps as yet been taken by the Navy Department to enter into contracts with private parties for the mining of coal in Alaska.

The drifting and diamond drilling development under naval supervision it is expected will have been completed to a sufficient extent in April, 1922, to permit a decision on the part of the Navy Department as to the quality of the coal in connection with its use in the Navy, and also as to the quantity of coal in sight in the Matanuska region.

The coal test of the Bering River fields mentioned above, if successful, will determine one more field in which there is Navy steaming coal which can be drawn upon for naval purposes. The actual costs to lay down in Pacific ports to determine if this coal is to be used in time of no emergency is not yet developed sufficiently to permit positive statement.

During the present fiscal year $298,602 have been spent in this work and it is expected that $70,000 more will be required to complete the development in accordance with the plan just outlined.

Here are the copies of the orders that we issued compelling economies, and certain other papers with reference to this balance sheet, which I have submitted. I will not go into the details concerning those; they are very clearly set forth.

The CHAIRMAN. I do not think it is necessary. I think we can get the details from the men who have them.

(The statements submitted by Secretary Denby follow:)

FEBRUARY 20, 1922.

Memorandum for the Secretary of the Navy.
Subject: Statement relative to "Fuel and Transportation, 1922."

Appropriation		$17,500,000.00
By expenditure to Nov. 30:		
Coal	$2,182,500.00	
Fuel oil	9,570,766.00	
Gasoline	422,266.72	
Upkeep and operation of fuel depots and plants	557,808.08	
Charter hire for transportation of coal	178,670.00	
Charter hire of Shipping Board tankers	667,000.00	
Water	150,000.00	
Ice	16,300.00	
Miscellaneous items	100,000.00	
Alaskan coal development	200,000.00	
		[1] 14,045,310.80
By balance, Nov. 30, 1921		3,454,689.20
		17,500,000.00
To balance Dec. 1, 1921		3,454,689.20

[1] See Statement A.

By expenditures during December, 1921:		
Coal	[1] $282,439.96	
Fuel oil	[1] 1,213,055.03	
Gasoline	55,658.38	
Upkeep and operation of fuel depots and plants	[2] 72,912.89	
Charter hire for transportation of coal	97,299.91	
Charter hire of Shipping Board tankers	.....	
Water	17,917.08	
Ice	2,863.10	
Miscellaneous items	[3] 26,030.75	
Alaskan coal development	83,333.33	
		$1,851,510.43
By balance Dec. 31, 1921		1,603,178.77
		3,454,689.20
To balance Jan. 1, 1922		1,603,178.77
To indicated deficit		10,709,120.75
Total		12,312,299.52
By estimated expenditures, January–June, 1922:		
Coal, 278,228 tons	[4] $2,419,411.65	
Fuel oil, 4,171,930 barrels	[4] 8,009,870.06	
Motor gasoline, 1,939,000 gallons	465,360.00	
Maintenance of coaling bunker depots and floating equipment	496,957.81	
Tug hire	96,000.00	
Water, 625,000 tons	187,500.00	
Ice, 1,667 tons	20,000.00	
Miscellaneous (electric current, storage, compressed air, steam, etc.)	117,200.00	
Alaskan coal development	500,000.00	
		[5] 12,312 299.52

STATEMENT A.

To: The Chief of Naval Operations.

Subject: Status of appropriation "Fuel and transportation, 1922," as of November 30, 1921.

1. Pursuant to your oral request, the following revised statement of expenditures and obligations under the appropriation "Fuel and transportation, 1922," as of November 30, 1921, is submitted. The basis upon which the expenditures for November have been estimated is explained in detail following the statement:

Estimated condition of appropriation "Fuel and transportation, 1922," as of November 30, 1921.

	Expenditures to Oct. 31.	Estimated expenditures, November.	Total to Nov. 30.
Coal	$1,800,000.00	$382,500.00	$2,182,500.00
Fuel oil	8,145,333.00	1,425,433.00	9,570,766.00
Gasoline	344,706.72	77,560.00	422,266.72
Upkeep and operation of fuel depots and plants	448,249.08	109,559.00	557,808.08
Charter hire for transportation of coal	162,670.00	16,000.00	178,670.00
Charter hire Shipping Board tankers	667,000.00	.....	667,000.00
Water	120,000.00	30,000.00	150,000.00
Ice	13,300.00	3,000.00	16,300.00
Miscellaneous items	80,000.00	20,000.00	100,000.00
Alaskan coal development	160,000.00	40,000.00	200,000.00
	11,941,258.80	2,104,052.00	14,045,310.80
Amount appropriated			$17,500,000.00
Balance available Dec. 1			3,454,689.20

[1] See Statement B. [2] See Statement C. [3] See Statement D. [4] See Statement E. [5] See Statement F.

Coal.—Fifteen per cent reduction from average for first quarter, 5 per cent reduction on account of price, 10 per cent reduction on account of curtailment of operations. Battleships used only one-third total coal consumed and the remainder was used by cruisers, gunboats, and colliers.

Fuel oil.—A comparison of the fuel oil consumption of 148 identical destroyers for October and November showed a 50 per cent reduction in oil consumed. The total estimated oil consumption has been reduced only 30 per cent, as the destroyers used approximately one-half of the fuel oil.

Gasoline.—Reduction of 10 per cent from the average expenditures for the four months, July to October.

Fuel plants.—Based on actual expenditures for July to October and allotments for November.

Charter hire.—Hire of tugs only included as an expenditure for November.

Shipping Board vessels.—Title of these vessels transferred to Navy by Executive order dated October 29. Charter hire ceased as of that date.

Water.—Based on requisitions submitted.

Ice.—Based on requisitions submitted.

Miscellaneous.—Based on approved requisitions and allotments.

Alaskan coal development.—Estimate based on very meager reports received to date.

STATEMENT B.

Fuel consumption for month of December, 1921, by classes of vessels.

	Coal.		Fuel oil.	
	Tons.	Value.	Barrels.	Value.
18 battleships	3,523.39	$24,995.27	68,805.21	$121,193.60
6 flagships, miscellaneous	2,801.57	32,701.38	503	1,056.[illegible]
63 destroyers, active			79,754.31	196,520.6[illegible]
7 destroyer tenders	1,585.30	13,034.76	10,102.96	29,505.[illegible]
22 submarines			1,483.24	4,226.[illegible]
6 submarine tenders	3,199.95	15,345.20	2,472.21	5,496.1[illegible]
6 submarine tenders, shore based	299.40	3,450.78	1,078.72	3,646.6[illegible]
2 mine layers	322.14	2,843.96	1,406	4,513.24
14 light mine layers			9,735.83	28,551.06
20 mine sweepers			11,660.08	32,780.12
5 aircraft tenders			6,050.16	14,048.52
2 repair ships	372.60	2,821.34	2,550	7,174.50
2 hospital ships	95	938.53	1,929.32	6,251.00
1 target repair	85	521.48		
4 storeships	467.60	4,134.90	4,408.47	10,919.7[illegible]
7 oilers	6.50	89.97	18,844.05	53,280.62
4 colliers	3,738.80	27,048.00		
3 cargo vessels	824.65	7,735.92		
1 survey	63.90	438.99		
17 patrol	3,887.43	38,787.00	6,759.73	21,009.30
10 special duty	1,163.07	11,531.88	2,281.85	4,091.67
23 fleet tugs	730.06	9,319.52	8,865.26	19,951.84
28 eagle	57	384.15	6,852.21	19,301.49
6 miscellaneous	1,342	12,678.65	1,984.50	6,694.25
27 N. T. S	3,059.56	30,346.39	72,401.87	194,537.12
105 district craft	5,033.46	42,712.66	37,103.19	84,458.46
In reserve:				
78 submarines			5,549.60	16,947.03
217 destroyers	78	579.23	162,207.33	326,890.81
Total	32,736.38	282,439.96	524,789.10	1,213,055.03

STATEMENT C.

Cost of maintenance fuel depots and fueling plants at navy yards and stations chargeable to the appropriation "Fuel and transportation," month ending Dec. 31, 1921.

Name of station.	Labor.	NSA use.	Total.
East Lamoine, Me.	$82.36		$82.36
Portsmouth, N. H.	916.78	$427.57	1,344.35
Boston, Mass.	1,935.84	74.85	2,010.69
Newport Torpedo Station		4,250.00	4,250.00
Newport Training Station		10.50	10.50
Melville fuel depot	3,981.25	2,652.06	6,633.31
New York Navy Yard	775.01	165.59	940.60
Constable Hook, N. J.	2,156.40	471.59	2,627.99
Navy supply depot		311.04	311.04
Fort Lafayette		190.40	190.40
Navy yard, Philadelphia	793.97	235.02	1,028.99
Navy yard, Washington, D. C.	72.85		72.85
Navy yard, Norfolk, Va.	97.28		97.28
Naval operating base	4,306.45	2,818.58	7,125.03
Navy yard, Charleston, S. C.	229.30	4.54	233.84
Naval air station, Pensacola		609.52	609.52
Naval station, Key West	520.64	123.17	643.81
Naval fuel depot, San Diego	2,757.35	1,431.38	4,188.73
Naval air station, San Diego		570.98	570.98
San Francisco Training Station		520.07	520.07
Navy yard, Mare Island, Calif.	1,224.53	1,923.26	3,147.79
Naval fuel depot, Tiburon	3,988.03	152.43	4,140.46
Navy yard, Puget Sound, Wash.	1,253.82	197.38	1,451.20
Torpedo station, Keyport, Wash.		799.91	799.91
Naval station, Pearl Harbor	3,597.44	988.32	4,585.76
Naval station, Olongapo	1,312.13	3,244.96	4,557.09
Naval station, Cavite	3,512.54	7,959.18	11,471.72
Naval station, Guantanamo	1,733.26	993.96	2,727.22
Naval station, Guam		1,196.00	1,196.00
Naval fuel depot, Yokohama	214.43		214.43
Naval fuel depot, Pichilinque	432.00		432.00
Naval station, Tutuila	47.40	857.05	904.45
Naval air station, Coco Solo		596.60	596.60
Naval station, St. Thomas, V. I.		433.35	433.35
Naval air station, Santo Domingo		2,762.57	2,762.57
	35,941.06	36,971.83	72,912.89

STATEMENT D.

Miscellaneous expenditures under "Fuel and transportation" for month of December 1921—Rental of storage.

Contract.	Location and owner.	Capacity.	Rental, handling charges, and storage.	Total.
		Barrels.		
53370	Sewalls Point, Standard Oil Co. of New Jersey.	55,000	Rental	$1,000.00
53021	Balboa No. 13, Panama Canal	55,000	Rental $400.00; Handling 2,017.40; Storage 358.42	2,775.82
55026	Balboa No. 101, Panama Canal	42,000	Rental	287.00
53935	Christobal No. 151, Panama Canal.	42,000	Rental 291.67; Handling 998.24	1,289.91
55464	Constantinople Standard Oil Co. of New York.	42,345	Rental	3,000.00
Total				8,352.73
Electric current				14,073.34
Compressed air, steam, and kerosene.				3,604.68
Total miscellaneous				26,030.75

STATEMENT E.

Estimate of fuel consumption for period Jan. 1 to June 30, by classes of vessels.

Number.	Class.	Coal.		Fuel oil.	
		Tons.	Value.	Barrels.	Value.
18	Battleships	54,798.8	$350,111.50	431,397	$786,861.97
6	Flagships, miscellaneous	25,203.1	251,545.78	71,792	147,173.60
65	Destroyers, active			700,905	1,349,[illegible]
7	Destroyer tenders	11,501.9	104,191.16	65,763	117,[illegible]
81	Submarines			72,206	137,432.[illegible]
6	Submarine tenders	5,979	51,904.39	33,505	62,776.[illegible]
7	Shore-based submarine tenders			59,089	110,179.[illegible]
2	Mine layers	2,864.8	31,254.97	19,892	40,[illegible]
14	Light mine layers			144,056	276,175.[illegible]
16	Mine sweepers			89,882	172,124.[illegible]
2	Aircraft tenders			34,637	67,021.[illegible]
1	Aircraft carrier			20,148	41,303.[illegible]
2	Repair ships	3,900.6	42,555.55	17,193	35,245.[illegible]
2	Hospital ships	9,674.4	84,308.63		
2	Target repair			24,462	46,[illegible]44.73
4	Store ships	3,037.6	33,140.22	42,132	83,068.23
19	Fleet towing vessels			156,936	304,205.[illegible]
8	Oilers			138,954	258,861.1[illegible]
5	Colliers	19,848	146,515.93		
2	Cargo vessels	3,347.2	51,412.99		
1	Survey vessel	2,417.2	15,808.49		
17	Patrol vessels	27,871.4	325,312.01		
2	Fish Commission	2,052	13,420.08		
12	Special duty	15,491.6	138,160.61	17,612	34,512.41
30	Fleet tugs			226,214	434,549.[illegible]
60	Harbor tugs	24,446.4	213,294.84		
25	Eagle boats			185,022	359,313.[illegible]
45	Submarine chasers			35,158	68,909.[illegible]
30	Miscellaneous	43,524	379,746.90		
33	Naval training station vessels	15,526	142,621.84	404,603	783,716.[illegible]
1	Reserve battleship	3,476.2	22,734.35		
1	Reserve cruiser	3,267.8	21,371.41		
17	Reserve submarine			3,498	6,726.[illegible]
12	Reserve mine sweepers			51,160	97,971.[illegible]
213	Reserve destroyers			1,125,714	2,187,203.[illegible]
	Total	278,228	2,419,411.65	4,171,930	8,009,870.06

STATEMENT F.

JANUARY 27, 1922.

To: The Navy Budget officer.

Subject: Estimate of expenditures under appropriation "Fuel and transportation, 1922," for the period January 1 to June 30, 1922.

References: (*a*) Letter Paymaster General to Chief of Naval Operations 104–28, etc., January 6, 1922. (*b*) Confidential letter Chief of Naval Operations to all bureaus, etc., on "Current operating force plan" P. D. 104–32:1, December 23, 1921. (*c*) Letter Chief of Naval Operations to commander in chief, Atlantic Fleet, Op. 38–K, 29049–104:1, September 8, 1921, "Restriction of expenditure in fuel." (*d*) Letter Chief of Naval Operations to Chief of Bureau of Supplies and Accounts, Op. BA, 29370–8411, January 9, 1922.

1. Based on the information contained in reference (*b*) concerning the operating status of the vessels of the Navy, and the service to which they are to be assigned during the remainder of the fiscal year 1922, the following estimate of expenditures under the appropriation "Fuel and transportation, 1922," for the period January 1, 1922, to June 30, 1922, is submitted:

Coal, 278,228 tons	$2,419,411.65
Fuel oil, 4,171,930 barrels	8,009,870.06
Motor gasoline, 1,939,000 gallons	465,360.00
Maintenance coaling plants, bunker depots, and floating equipment	496,957.86
Tug hire, water, ice, and miscellaneous	420,700.00
Purchase, transportation, etc., of coal in Alaska	500,000.00
Total	12,312 299.52

2. The above estimate has been prepared by taking the consumption of fuel by vessels enumerated in reference (*b*) operating on a basis of three days out of 30 cruising at moderate speed, remaining at anchor the remainder of the time for active vessels, and reserve vessels at 1 day out of every 30 cruising at moderate speed, remaining at anchor the balance, moderate speed being interpreted as 12 knots per hour for all vessels except destroyers, 15 knots being considered moderate speed for destroyers. The use of this formula is suggested in reference (*d*) for the months of January and February, 1922. The months of March, April, May, and June are based on operation under the restrictions placed on all vessels in reference (*c*) and as per standard fuel consumption for certain classes of vessels contained in "Confidential Supplements to Rules for Engineering Performances, 1921–22."

3. The list of vessels, divided into classes and zones of operation with expected fuel consumption taken from reports submitted by the vessels to the Chief of Naval Operations, and from "Confidential Supplements to Rules for Engineering Performances, 1921–22," is attached hereto.

4. The unit price per barrel for fuel oil is the present market price at the various points east and west coasts where deliveries will be made with differential added thereto to cover additional cost for forms of delivery other than bulk, and points not shown, and has been arrived at as per detailed statement attached hereto.

5. The unit price per ton of coal is the present market price at mines with transportation by rail and water added thereto to points of consumption, as per attached statement.

6. The unit price of $0.24 per gallon for motor gasoline for motor boats and miscellaneous purposes, is based on the various forms of delivery required, such as f. o. b. Naval vessels at tanks of oil suppliers; in supplier's barges f. a. s. naval vessels; in tank cars; in tank wagons; in drums; and a limited quantity in cans and cases. It is based on prices being paid at present, and which range from $0.1575 to $0.27 on the east coast and $0.25 to $0.30 on the west coast.

7. Maintenance of coaling plants, bunker depots, etc., totaling $496,957.86, is made up of the following items:

Labor	$279,073.98
Material	217,883.88
Total	496,957.86

This item of maintenance may be segregated under various classifications such as labor necessary for the handling of fuel and upkeep of plants, consumable supplies required in operation, spare parts and replacements of material and overhaul incident to care and preservation. There is given below a list of the items which go to make up the cost of maintenance.

Labor—such as quartermen, leading men, blacksmiths, boiler makers, carpenters, cranemen, coal handlers, electricians, engineers, firemen, gear tenders, laborers, machinists, riggers, ship smiths, stevedores, storemen, towermen, watchmen.

Material—coal and water for yard craft, oil waste, grease, cable dressings, boiler compounds, blacksmith coal, harden compound, charcoal, coke, bolts and nuts, sheet metal, light and lantern globes, bunker lamps, etc.

Spare parts and replacements—tower parts, motor and crane parts, boiler and engine spare, grate bars, steam launch, gas engine parts and electrical motor parts, generator parts, spare armature, spare field coils, piping for fire and steam mains and sewer piping, wire hoisting cables, trolley wires, etc.

Overhaul—paint, paint oils, varnishes, special grease, special engine packing, hammers, bars, chisels, wrenches, files, etc.

8. The item of $420,700 for tug hire, water, ice, etc., is arrived at as follows:

Tug hire $96,000

This item provides for shifting of fuel barges between anchorages, loading piers, and vessels at times and places where naval tugs are not available for such duty.

Water, 625,000 tons, at $0.30 per ton $187,500

The estimate covering water is based on requisitions submitted by various yards and stations. This water is required by vessels without proper facilities for evaporating water required for drinking, boiler-feed, cooking, and general use.

Ice, 1,667 tons, at $12 per ton $20,000

Ice is required for cooling drinking water on vessels not equipped with ice-making machines or plants, particularly in case of smaller vessels operating in southern waters.

Miscellaneous..... $117.200

This item covers demurrage of vessels chartered for transportation of fuel, which, through circumstances beyond control, are not discharged within the time limit specified in charter parties. It also covers fuel consumed at receiving ship barracks and at fuel oil schools, fuel oil hose and rental of fuel oil storage tanks located at Sewalls Point, Va., Constantinople, Turkey, and the Panama Canal.

9. The naval transport service is shown separately, as operations of vessels in this service can not be based on a given formula of cruising and port consumption, and must be calculated on actual mileage to be steamed and actual days in port. Information which has been used as a basis for these estimates as to expected cruising activities of vessels in the naval transport service was furnished by the Chief of Naval Operations.

Summary of coal, fuel oil, and gasoline requirements for the various fleets, period Jan. 1 to June 30, 1922.

Fleet.	Coal.	Unit cost.	Value.	Fuel oil.	Unit cost.	Value.	Gasoline.	Unit cost.	Value.
	Tons.			*Barrels.*			*Barrels.*		
Atlantic	156,724	$6.54	$1,024,974.96	1,828,479	$2.05	$3,748,381.95	1,000,742	$0.24	$240,178.08
Pacific	71,598	10.91	781,134.18	1,655,618	1.78	2,947,000.04	885,016	.24	212,403.84
European	5,700	5.29	30,153.00	98,476	2.05	201,875.80	15,225	.24	3,654.00
Asiatic	28,680	15.36	440,524.80	184,754	1.78	328,862.12	19,631	.24	4,711.44
N. T. S.	15,521	9.19	142,624.71	404,603	1.93	783,750.15	18,386	.24	4,412.64
Total	278,228	8.695	2,419,411.65	4,171,930	1.919	8,009,870.06	1,939,000	.24	465,360.00

MEMORANDUM FOR THE CASE.

The unit price for fuel oil, east coast and west coast, used in the estimate for "Fuel and transportation, 1922," second half, period January 1, 1922, to June 30, 1922, was arrived at as follows:

Point of delivery.	Quantity.	Unit price per barrel, bulk.	Total.
EAST COAST.	*Barrels.*		
Portsmouth, N. H.	27,000	$2.40	$64,800.00
Boston, Mass.	66,500	2.40	159,600.00
Melville, R. I.	146,000	2.40	350,400.00
New London, Conn.	13,000	2.20	38,600.00
Philadelphia, Pa.	93,500	2.20	205,700.00
New York, N. Y.	201,500	2.20	443,300.00
Guantanamo, Cuba	27,000	2.00	54,000.00
Charleston, S. C.	81,000	2.00	162,000.00
Norfolk, Va.	146,500	2.00	293,000.00
Canal Zone	27,000	2.00	54,000.00
Gulf ports	1,331,000	1.70	2,262,700.00
Total	2,160,000	[1] 1.888	4,078,100.00
Add differential per barrel for other forms and points of delivery (average of increase over basic prices for deliveries during an 11-month period)	.....	.17	.....
	.....	2.058	.....
WEST COAST.			
San Francisco, Calif.	344,000	1.50	516,000.00
San Pedro, Calif.	960,000	1.50	1,440,000.00
Pearl Harbor, Hawaii	230,000	2.13	489,900.00
Seattle, Wash.	172,000	1.83	314,760.00
San Diego, Calif.	306,000	1.63	498,780.00
Total	2,012,000	[1] 1.62	3,259,440.00
Add differential per barrel for other forms and points of delivery (average of increase over basic prices for deliveries during an 11-month period)	.....	.16	.....
	.....	1.78	.....

[1] Average cost.

The unit price for coal to various fleets was arrived at by taking the price at mines in West Virginia at $2.24 per ton, adding thereto rail transportation to Hampton Roads, Va., at $2.80 per ton and average water transportation from Hampton Roads, Va., to Portsmouth, N. H.; Boston, Mass.; Melville, R. I.; Key West, Fla.; Guantanamo, Cuba, and Canal Zone at $2.54 per ton; also a certain quantity to be purchased at Pennsylvania mines at about $3.57 per ton and adding thereto rail transportation to New York, N. Y.; Philadelphia, Pa.; Hingham, Mass.; Annapolis, Md.; and Charleston, S. C.; at an average cost of $3.51 per ton. Water transportation is also included from Hampton Roads, Va., to San Diego, Tiburon, Calif.; Puget Sound; and Pearl Harbor, Hawaii, at an average cost of $7 per ton. Triming charges of $0.25 per ton have been added where such charges occur.

A.

AUGUST 8, 1921.

From: Secretary of the Navy.
To: Commander in Chief, Atlantic Fleet.
Commander in Chief, Pacific Fleet.
Commander in Chief, Asiatic Fleet.
Commander United States Naval Forces, Europe.
Special Service Squadron.
Commandants all naval districts.
Commandants all naval stations.
Superintendent, United States Naval Academy.
Commanders submarine bases.
Commander Submarine Flotilla 3.
Vessels of the Naval Transportation Service.
Subject: Reduction in fuel expenditures.

1. The appropriation for fuel and transportation for the fiscal year 1921 amounted $10,000,000. A deficit was incurred under this appropriation amounting to $20,230,718. The total expended under fuel and transportation for the fiscal year 1921 under the appropriation "Fuel and transportation" amounted to $30,230,718.

2. The revised estimates for fuel and transportation for the fiscal year 1922 amounted to $30,703,138. The appropriation for the fiscal year 1922 amounts to $17,500,000. The Bureau of Supplies and Accounts estimates that the expenditure of this sum must be divided as follows:

Fuel oil and Diesel oil	$8,300,000
Gasoline	923,000
Coal	2,050,000
Care and upkeep of coaling plants, floating equipment, and power plants at submarine bases	1,150,000
Tug and vessel hire, water, ice, and miscellaneous	4,227,000
Alaskan Coal Commission	850,000
Total	17,500,000

3. There was issued from naval fuel oil storages and Navy tankers to the ships during June, 1921, 452,196 barrels. At an average price of $2.60 per barrel, this expenditure amounts to $1,253,709.60, or 14 per cent of the total money available for fuel oil alone. At this rate of expenditure the cost of fuel oil for the year would amount to $15,044,515.20, leaving only $2,455,484.80 of the appropriation for other purposes.

4. The figures for fuel oil expenditures only are given, as the urgency for immediate action will not permit the development of expenditures for other purposes.

5. Although in previous years a deficit under the appropriation "Fuel and transportation" has been from time to time incurred, the present administration has made it unmistakably clear that the executive departments of the Government must make every endeavor to keep within the sums appropriated by Congress.

6. In view of the above it is directed that fuel expenditures for all purposes be limited to the absolute minimum necessary to carry on urgent military operations.

THEODORE ROOSEVELT, *Acting*.

B.

SEPTEMBER 8, 1921.

From: Chief of Naval Operations.
To: Commander in chief, United States Atlantic Fleet.
Subject: Restriction of expenditures of fuel.
Reference: (*a*) Commander in chief, Atlantic. First indorsement 622-3:5, of August 16, 1921.

1. In reference (*a*) the Commander in chief, Atlantic Fleet, disapproved the suggestions of the commander, destroyer, force, Atlantic Fleet, that the department assign a fuel allowance to the various forces of the fleet for the remainder of the fiscal year.

2. The attitude of the commander in chief in this regard is understood, as such an allowance will be a serious restriction to the operations of the fleet.

3. However, the condition of the appropriation for fuel and transportation, 1922, and the policy of economy in all Government expenditures make it imperative that steps along the line of a fuel allowance for forces be taken and put into effect at once.

4. The proposed cruise and maneuvers of the fleet during the winter months will involve large fuel expenditures, if any value is to be received from them. It is therefore necessary that fuel be conserved to the maximum by the fleets before and after the cruise and by other forces of the Navy during the remainder of the fiscal year.

5. A method of restricting the operation of vessels and forces of the Navy has been prepared, which is considered the most liberal that can be permitted under the circumstances.

6. It is proposed to place these restrictions in effect immediately for all forces of the Navy. During the months of January, February, March, and April, 1922, the provisions of the allowance will be waived for vessels of the Atlantic and Pacific Fleets as may be necessary to carry on the necessary maneuvers. The strictest economy during this period, however, will be required.

7. The restrictions in operation are based on operations for military purposes for certain vessels and on a fuel allowance for the forces of the fleets.

Class I.—The following classes of vessels to be restricted in operation to making urgent passages from port to port at economical speed to meet military requirements:

Special service squadron.
Vessels in European waters.
Asiatic Fleet, except destroyers and mine forces.
Naval transportation service.
Flagships and tenders of destroyers, submarines.
Air and mine forces.
Vessels of the train.
District vessels.
Tenders and station ships for naval stations.
Vessels on detached service.

Class II.—The battleship, destroyer, and mine forces of the fleets to be restricted in operations to such as can be carried on under an allowance of fuel at the disposition of the force commanders.

The following methods of computing the allowance for the forces is suggested:

(*a*) Battleship forces. Monthly allowance equals the sum of the allowance of each battleship of the force in full commission as determined by the following formula:

$$120a+600b.$$

a=Standard gallons (or tons) per hour under way at 12 knots taken from "Confidential Supplement to the Rules for Engineering Performances 1921-22."

b=Standard gallons (or tons) per hour at anchor from "Confidential Supplement to the Rules for Engineering Performances 1921-22."

(*b*) Destroyer forces: Monthly allowance of operative squadron=the sum of the allowance of each destroyer of the operative squadron as determined by the following formula:

$$120a + 600b$$

a=Standard gallons per hour under way at 15 knots taken from "Confidential Supplement to the Rules for Engineering Performances 1921-22."

b=Standard gallons per hour at anchor taken from "Confidential Supplement to the Rules for Engineering Performances 1921-22."

Monthly allowance for destroyers operating with 50 per cent complements = the sum of the allowance of each destroyer of the force as determined by the following formula:

$$24a + 696b$$

and b same as for operative squadron.

(c) Mine forces: Monthly allowance for light mine layers = the sum of the allowance of each light mine layer in full commission as determined by the following formula:

$$120a + 600b$$

a and b same as for operative destroyers.

Monthly allowance for light mine layers in reduced commission = the sum of the allowance of each light mine layer as determined by the following formula:

$$24a + 696b$$

a and b same as for operative destroyers.

Monthly allowance for mine sweepers in full commission = the sum of the allowance of each sweeper of the force in full commission as determined by the following formula:

$$150a + 600b$$

a=100 gallons.
b= 40 gallons.

Monthly allowance of mine sweepers in reduced commission = the sum of the allowance of each sweeper of the force in reduced commission as determined by the following formula:

$$24a + 696b$$

a=100 gallons.
b= 40 gallons.

NOTE.—40 gallons is the average expenditure per hour at anchor and 100 gallons is the average expenditure per hour under way at 10 knots for third-class mine sweepers.

Class III.—Submarine forces to be restricted in operation to such as can be carried on under an allowance of fuel at the disposition of the submarine flotilla commanders.

The allowance per month of each submarine flotilla equals the number of submarines in the flotilla multiplied by 3,300 gallons.

NOTE.—3,300 gallons is the average expenditure per submarine of all classes.

Class IV.—Each force commander to have available to use at his discretion in addition to the above allowance, a quantity of fuel per month equal to the mean bunker capacity of the ships of his force.

8. Expenditures in addition to the allowance will be authorized by the Chief of Naval Operations only on the recommendation of the commanders in chief.

9. The comment of the commander in chief is requested regarding the proposed restrictions and allowances and their effect on the efficiency, upkeep, and morale of the fleet.

R. E. COONTZ.

Copy to: Commander in Chief, Pacific Fleet.
Bureau of Supplies and Accounts.

Operations.
Commander in Chief, Asiatic Fleet; ack.
Opnav. Sept. 7, 1921. 19-38-Sanda.

3807: Reference Opnavs thirty-eight zero five dash ten twenty August: Restrict operation of vessels of Asiatic Fleet except destroyers and mine layers to urgent passages between ports to meet military requirements at economical speed period destroyer force to be limited to an allowance equal to the sum of the allowance of each

destroyer based on one twenty hours underway at fifteen knots and six hundred hours at anchor per month period. The fuel per hour to be taken from engineering competition standards.—1630.

Operations.
Flag *Utah;* ack.
Opnav. September 7, 1921. 19-38-Sanda.

3807: Reference Opnavs thirty-eight zero five dash ten thirty August. Restrict operation of all vessels in European forces to urgent passages between ports for military purposes at economical speed.—1645.

DECEMBER 29, 1921.

From: Chief of Naval Operations.
To: Commander in Chief United States Atlantic Fleet.
Subject: Trials under rules for engineering performances.

1. In order to reduce to a minimum the consumption of fuel, it is directed that no full power trials under the rules for engineering performances be conducted by any vessel of the Atlantic Fleet pending further instructions. It is hoped that it will be practicable soon to remove this restriction, and the commander in chief will be informed immediately when such decision can be reached.

W. C. COLE, *Acting*.

NOTE.—Similar instructions were sent to the Pacific Fleet, the Asiatic, and to vessels in European waters.

CLOTHING AND SMALL STORES FUND.

The CHAIRMAN. There is another matter concerning which you may care to say something, about the $40,000,000 adjustment between the Treasury and the Bureau of Supplies and Accounts.

Secretary DENBY. It was the Bureau of Supplies and Accounts, the issuance of small stores. We had a revolving fund.

The CHAIRMAN. Were you considering making that adjustment merely as a bookkeeping matter?

Secretary DENBY. I would not consider that a proper charge against the naval deficiency, since it originated in the Treasury and was due to the Treasury policy. I think it is fairly well understood as not being a deficiency, but a bookkeeping matter.

Mr. KELLEY. It is not regarded to be used during the next year, but in the future?

Secretary DENBY. Yes, sir.

The CHAIRMAN. It would not be classed as a deficiency, simply a question of clearing up the record?

Secretary DENBY. That is all.

Mr. KELLEY. I assume you have enough clothing to last 10 or 15 years?

Secretary DENBY. I can not tell you how long. Probably as we can sell it we will reduce the inventory to $150,000,000 from $200,000,000, the war figure, but it will not turn into the Treasury $100,000,000.

Mr. KELLEY. It is the same as using cash, but you do not need the cash?

Secretary DENBY. We try to convert all we can into cash and try to get the money into the Treasury.

Mr. KELLEY. This accumulation of goods in the stores was due to the precaution of the department to get all the supplies that might be needed for a long war?

Secretary Denby. Yes, sir.

The CHAIRMAN. And probably would not have been accumulated if it had not been for the war?

FUEL.

Mr. KELLEY. Just a word, Mr. Secretary, about the $10,000,000 for fuel; that is for the period beginning March 1.

Secretary DENBY. On January 1 we had a balance of $1,600,000.

Mr. KELLEY. How long would that last?

Secretary DENBY. I can not tell you exactly, it depends on the activities of the vessels and the fleet's ashore activities.

Mr. KELLEY. What is the balance on hand right now for fuel?

Admiral COONTZ. On the 1st day of January, it was $1,600,000 and something. For December the expenditure was estimated at $1,851,510.43. At that rate it would be gone by the end of January, but we are reducing all the time, and my judgment is that it was spent early in February. The returns regarding fuel come in at the end of each month.

The CHAIRMAN. You have not received the January returns?

Admiral COONTZ. No, sir; but we have a new system for fuel and other things, getting the reports by radio as quickly as we can or by mail on the first of the month. I should say that the money is all gone at that rate.

Mr. KELLEY. If your request was for $30,000,000, that would be $2,500,000 a month.

Secretary DENBY. The original plan was brought down to $30,000,000.

Mr. KELLEY. That is $2,500,000 a month. You actually are not figuring on slowing up very much the next four or five months?

Secretary DENBY. We are figuring on slowing up as much as we can.

Admiral COONTZ. We had $1,600,000. If we had spent as much in January as in December it would have been gone by the 1st of February. It is by using the minimum that has brought us over into February.

Mr. KELLEY. That would be $2,000,000 a month. You are not slowing up very much?

Admiral COONTZ. In the first half year we consumed about $15,896,820.93, the last half of this fiscal year we estimate $12,312,299.52. That averaged the first six months $2,649,470 per month, and the last six months $2,053,717 per month, a difference of about $600,000 per month.

Mr. MADDEN. That would be $2,300,000 a month.

Secretary DENBY. If we had about $10,000,000, it would be $28,000,000 for the year. I am perfectly frank to say that this whole matter is dependent upon the action of Congress, and it would seem to me——

The CHAIRMAN (interposing). If the Navy's activities should be materially reduced for 1923 and it was clearly understood within a

short time how much reduction would be made, would it be possible for the Navy to begin to reduce now to meet the possible reduction that would become effective as of July 1? Would this appropriation have any effect upon that, or would the need for this appropriation be lessened?

Secretary DENBY. If you mean in case Congress enacts legislation that curtails the Navy immediately, of course a corresponding curtailment all along the line would be effected; but if we wait until June 30, and are carrying on the Navy we now have, and with which we are charged, we will, of course, make all economies possible, but we can not materially alter this figure or recommend any material alteration in it.

The CHAIRMAN. What I was trying to find out was this: Let us assume that we are running the Navy on the basis of $425,000,000 a year to-day, and suppose we were by any chance to cut that in two, this being merely a supposititious case, and it was fairly well understood that within a week or two that would be the policy, would it not be possible then to begin to curtail and operate on that basis right away, so far as the expenditures are concerned?

Secretary DENBY. It would be possible, but I personally would not take the responsibility of doing it until Congress itself had acted on the subject.

The CHAIRMAN. I was assuming that possibility.

Secretary DENBY. I do not see how we could do it, except, as I say, by daily economies. We are selling ships now. For instance, the *Brooklyn* has recently been sold, and a great many vessels are being sold. We have sold some 600, and we are selling them all the time. We are getting rid of the obsolete ships to the best advantage and as rapidly as possible, but we do not want to throw them away. We have a great many ships on the list for sale immediately.

The CHAIRMAN. I wondered if there were not some ships that really would not be of any great advantage in the battle line. For example, if it should be determined to be the policy, beginning next July, not to keep those ships in commission, and it were fairly well understood before action by Congress was taken that that would be the policy, without having official action upon it, of course, I was wondering whether that would make any difference?

Secretary DENBY. I think the department would have to wait until it had had an official mandate either from the Commander in Chief of the Navy, the President, or from Congress, instructing it what to do. We are charged with maintaining what Navy we have, and we are trying to do that as best we can. We are trying to maintain it as cheaply as possible. Of course, economies along certain lines can go too far. We have a certain class of vessels that we are sometimes criticized for keeping, as, for instance, some cruisers. We have been criticized within the last few weeks or within the last few months a number of times for using light cruisers, or the armored cruisers of the Spanish War period, in certain services. Those cruisers have been employed for service that was governmental and necessary, and that we were instructed to employ them in. If we

had not used them, we would have used first-class battleships, because the destroyers are not available for that purpose, and the scout cruisers are unfinished. We find that some of those ships are very economical to use. The *Olympia*, for instance, has rendered extraordinary service not only in the Near East but in bringing home the unknown dead. In the Near East she won a medal of honor almost equal to that won in the Manila Bay operations, in preserving conditions out there, in carrying refugees, and doing a great many other things which a battleship would have been employed to do if we had not had the *Olympia*.

However, she is about to go on the list either for preserving, if there is sufficient public sentiment that calls for her preservation as a historical relic, or for sale later. That is true of a good many other light craft. We must have some light craft. We can not get along with only submarines, destroyers, and battleships, but there must be an intermediate craft. The scout cruisers are only 10 in number, or not more than an adequate number to constitute the proper auxiliaries for the battle fleets. They will be used for every conceivable purpose that we can use them for. Such service as can be performed by the lighter craft are being performed by them, and if we did not have these lighter craft those missions would have to be performed by battleships at tremendous cost.

The CHAIRMAN. That is a detail we would not be supposed to be familiar with, and that is the reason I asked the question.

Mr. KELLEY. I want to know more about the policy for the rest of the year. From this statement, Mr. Secretary, it appears that you are asking over $10,000,000 for fuel for the next five months.

Secretary DENBY. Yes, sir; $10,709,000.

Mr. KELLEY. I was wondering if it might not be found advisable to go a little slower than that.

Secretary DENBY. We are now steaming the battleships 6 days in 30 days at sea. That is, we have them under steam for that period of time. We have got to steam them a certain amount, because you can not lay up that gigantic bulk of tremendous and intricate machinery and these men who need the training. You can not keep them in port all the time. Their deterioration would be very much more expensive than the additional cost that would be incurred for fuel. I have tried to indicate how I personally, in consultation with the officers in the department, have reduced expenditures, but I do not want to reduce them to such a point that we would either utterly cripple the fleet, or have to come back for another deficiency. We do not want to come back for another deficiency. We would not be welcome if we did, and, therefore, we are putting the estimate at a figure that we know we can get through with.

The CHAIRMAN. You will not be able to cruise more than three days per month with the battleships under a plan which contemplates an appropriation of $10,000,000 for fuel?

Secretary DENBY. It will be six days per month after the 1st of March. It is the same now.

Mr. KELLEY. The bulk of this fuel is for small ships, but I suppose we will have that by classes.

Secretary DENBY. The smaller ships we are getting rid of as fast as we can. We have on hand a tremendous accumulation of war material, and the deflation has been tremendous already.

Mr. KELLEY. Which one of the officers figured out that it would take $12,000,000 to keep the ships tied up without steaming?

Secretary DENBY. I can not tell you which one, but I think that came from Supplies and Accounts.

Capt. LEUTZE. That was my figure.

Secretary DENBY. That would keep the entire Navy tied up during the entire year, not steaming at all, and taking into account the necessary heating, etc., which would require steam on board each ship.

The CHAIRMAN. That is for the Navy at its present strength.

Secretary DENBY. Yes, sir.

NUMBER OF SHIPS OF ALL TYPES.

The CHAIRMAN. How many more ships are there in the Navy now of all types than there were before the war?

Secretary DENBY. I do not know.

Admiral COONTZ. The great increase was in destroyers and in submarines. We have now, I think, 817 vessels left in commission, of which we are proposing to sell at least 200. We sell on an average 20 ships every 30 days.

Secretary DENBY. I think the question was as to how many more we have now than we had before the war.

Admiral COONTZ. I will have to put that in the record.

	February, 1917.		Jan. 1, 1922.	
	Ships in commission.	Ships out of commission.	Ships in commission.	Ships out of commission.
Battleships	14	3	First line, 19	21.
Do	20 (reserve)		Second line, 2	
Cruisers	Armored, 3	Armored, 1	Second line, 5	Second line, 5.
Do	First class, 1	First class, 1	Second line, light, 8	Second line, light, 4.
Do	Second class, 2	Second class, 1		
Do	Third class, 8	Third class, 2		
Do	Armored, 6 (reserve).			
Do	First class, 3 (reserve).			
Do	Second class, 1 (reserve).			
Do	Third class, 5 (reserve).			
Do	Third class, 1 (ordinary).			
Mine depot	2			
Mine layers, second line			3	1.
Mine training	1			
Fleet auxiliary			1 (U. S. S. Columbia).	
Monitors	4			
Do	2 (reserve)			
Do	1 (ordinary)			
Monitors, second line			2	4.
Destroyers	36	1		
Do	17 (reduced complement).			
Do	11 (reserve)			
Do	2 (ordinary)		64	5.
Destroyers, first line			211 (50 per cent completed).	
Do				
Destroyers, second line				21.
Light mine layers			14	

	February, 1917.		Jan. 1, 1922.	
	Ships in commission.	Ships out of commission.	Ships in commission.	Ships out of commission.
Torpedo boats	1 (reserve)	4		
Do	12 (ordinary)			
Submarines	37	2		
Do	3 (ordinary)			
Submarines, first line			48	
Do			9 (50 per cent completed).	
Submarines, second line			18	4.
Do			2 (50 per cent completed).	
Do			8 (reserve)	
Do			6 (ordinary)	
Fleet submarines			3	
Eagle boats			35	3.
Do			11 (ordinary)	
Do			5 (reserve)	
Do			1 (50 per cent completed).	
Submarine chasers			53	27.
Gunboats	18	7	11	7.
Do	2 (reserve)			
Converted yachts	5	9		
Patrol vessels, yachts			8	
Destroyer tenders	1 (reserve)		6	3.
Torpedo-boat tenders	5	2		
Submarine tenders			7	1.
Aircraft tenders			1	Second line, 1.
Transports	3	1	3	
Repair ships	2		4	
Store ships			4	4.
Fuel ships	20	1		
Colliers and oilers			24	6.
Ammunition ships	1			
Do			2	
Supply ships	4			
Do			10	3.
Hospital ships	1	1		
Do			2	2.
Tugs	47			
Fleet tugs			37	3.
Do			2 (reserve)	
District tugs			41	11.
Do			1 (reserve)	
Harbor tugs			22	
Do			1 (reserve)	
Do			2 (ordinary)	
Motor tugs			13	
Mine sweepers			37	6.
Do			3 (reduced complement).	
Do			3 (reserve)	
Special types	Station, 3	Naval militia, 7		
Do	Training, 1			
Do	Receiving, 3			
Do	Surveying, 2			
Do	Station, 1 (reserve)			
Do	Receiving, 2 (reserve).			
Do	Torpedo practice, 1 (reserve).			
Do	Barrack, 1 (ordinary).			
Auxiliaries, miscellaneous.			5	6.
Unclassified			9	7.
Do			4 (ordinary)	
District craft, miscellaneous.			27	18.

The following is the total number of vessels in commission and out of commission as of February, 1917:

In commission:

Battleships	34
Cruisers	30
Destroyers	66
Mine-depot ships	2
Mine training ship	1
Monitors	7
Torpedo boats	13
Submarines	40
Transports	3
Gunboats	20
Supply ships	4
Fuel ships	20
Converted yachts	5
Tugs	47
Destroyer tender	1
Torpedo-boat tenders	5
Repair ships	2
Ammunition ship	1
Hospital ship	1
Special types	14
Total	316

Out of commission:

Battleships	3
Cruisers	5
Destroyer	1
Torpedo boats	4
Submarines	2
Transport	1
Gunboats	7
Fuel ship	1
Converted yachts	9
Torpedo boat tenders	2
Hospital ship	1
Special types	7
Total	43

The following is the total number of vessels in commission and out of commission as of January 1, 1922:

In commission:

Battleships	21
Cruisers	13
Mine layers, second line	3
Fleet auxiliary	1
Monitors, second line	2
Destroyers	275
Light mine layers	14
Submarines, first line	57
Submarines, second line	34
Fleet submarines	3
Eagle boats	52
Submarine chasers	53
Gunboats	11
Patrol vessels, yachts	8
Destroyer tenders	6
Submarine tenders	7
Repair ships	4
Store ships	4
Aircraft tender	1
Colliers and oilers	24
Ammunition ships	2
Supply ships	10
Transports	3
Hospital ships	2
Fleet tugs	39
District tugs	42
Harbor tugs	25
Motor tugs	13
Mine sweepers	43
Auxiliaries, miscellaneous	5
Unclassified	13
District craft, miscellaneous	27
Total	817

Out of commission:

Battleships	21
Cruisers	12
Mine layers, second line	1
Monitors, second line	4
Destroyers	26
Submarines, second line	4
Eagle boats	3
Submarine chasers	27
Gunboats	7
Destroyer tenders	3
Submarine tender	1
Store ships	4
Aircraft tender	1
Colliers and oilers	6
Supply ships	3
Hospital ships	2
Fleet tugs	3
District tugs	11
Mine sweepers	6
Auxiliaries, miscellaneous	6
Unclassified	7
District craft, miscellaneous	18
Total	176

The CHAIRMAN. That number you gave means ships of all types?

Secretary DENBY. Yes, sir; the 817 takes in everything in commission, even the smallest.

Mr. KELLEY. I judged from Admiral Coontz's statement that the policy was to be much more economical with the smaller ships during the rest of the year, but your request involves the expenditure of practically the same amount, month by month, that you have spent all the year back.

Secretary DENBY. No, sir; our request is for a figure that will carry us through and is approximately $500,000 less per month.

Mr. KELLEY. It is close to $2,500,000 per month that you are asking for. You do not know exactly what balance you have on hand, but you have some and you are asking for pretty close to $2,500,000 per month for the rest of the year. I think the admiral stated when he was here that he thought there would be quite a slowing down on certain types of ships. He stated that he had issued instructions where he had found that certain ships were using too much oil that would result in quite a bit of saving in the future, but I do not see any evidence of that in these estimates.

Secretary DENBY. We are still making every effort to effect savings. Of course, it would be foolish to come before a committee of Congress with an estimate based upon nothing definite, and then have to come back later for more money. We would have to come back and say that we either must tie up certain ships, which I do not think the committee wishes us to do, or that we would have to have more money. I am giving you an estimate on which I know we can get through with the Navy as it is at present, under the reduced steaming plans that are now in operation, and we have conserved as much as we possibly could. I think that in the year prior to that, or in the fiscal year 1921, we expended——

Mr. KELLEY (interposing). You spent $36,000,000. You were spending at the rate of $3,000,000 per month, and were paying over $3 a barrel for oil, 20 per cent more for coal, and you had a 20 per cent bigger Navy. If you have figured down your oil and fuel costs to their present basis, you will see that you are running far beyond the basis on which you were going last year.

Secretary DENBY. We had some extraordinary expenses this year, of course.

Mr. KELLEY. But you are getting oil for $1.48 per barrel, as against three dollars and something last year. You are getting your oil on the Pacific coast at $1.48 per barrel.

Secretary DENBY. I think we are paying $1.76 per barrel, are we not?

Capt. LEUTZE. $1.78 is the average for the Pacific coast, and that includes the handling charge. The net price is $1.50 under the new contract for San Francisco and San Pedro. The average net price for the Atlantic coast is $1.88 plus 17 cents for a handling charge.

Mr KELLEY. It is $1.50 under the new contract?

Secretary DENBY. Yes, sir.

Mr. KELLEY. The estimate submitted last year was based upon what price?

Mr. REED. $2.85 was the average last year.

The CHAIRMAN. There is quite a difference between $1.48 and $2.85.

Secretary DENBY. During the current fiscal year we have had two battleships added to the list of vessels in commission, the U. S. S. *California* and U. S. S. *Maryland*, battleships, first line, oil burners.

Mr. KELLEY. And you have taken out six battleships?

Secretary DENBY. We have taken out during the current fiscal year four battleships, second line, all coal burners. If you can convince us that these figures are wrong, while I still recommend the amount we have asked for, we would like to know wherein they are wrong. If you can show us any way by which we can economize here, we will be glad to do it. What I want is an amount that we know is adequate, and I hope the committee will understand that we are making every effort to economize. We will not throw any oil away because we have authority to get it. I do not like to see the Navy seriously crippled, as it might be.

The CHAIRMAN. How much additional fuel would be required upon the basis of a cruising period of five days per month instead of the present cruising period of three days per month?

Admiral COONTZ. I will have to supply that figure for the record if you wish it, but within the last few days the Secretary of the Navy has made executive decisions involving changes in the composition of the fleet and changes in the status of some of the ships of the Navy. These decisions have not been fully promulgated to the personnel involved and the arrangements themselves have not reached an executive stage. Consequently the estimates under fuel and transportation as submitted and as now before the committee may be now subject to revision and some reduction. The answer to your question based on the estimate submitted to date would be of no use to you under the circumstances and would involve a long calculation.

FUEL AND TRANSPORTATION.

Mr. KELLEY. The amount you ask for fuel for the rest of the year is $10,709,000.

Capt. LEUTZE. Yes, sir.

Secretary DENBY. Taking off $500,000 for the Alaskan coal development, if you want to do that, or rather the amount left March 31, when work stops.

Mr. KELLEY. Give us the details of the $10,709,000 estimate.

Capt. LEUTZE. The details are on the credit side of this statement. The item of coal is $2,419,411; fuel oil, $8,009,870; gasoline, $465,360; maintenance of coaling plants, $496,957; tug hire, $96,000; water, $187,500; ice, $20,000; miscellaneous, electric current, storage, and compressed air, $117,200, and Alaska coal development, $500,000.

The CHAIRMAN. That makes a total of——

Capt. LEUTZE (interposing). A total of $12,312,229.52, but we have a balance of $1,603,178 to apply against that.

The CHAIRMAN. Leaving a net balance of how much?

Capt. LEUTZE. $10,709,120.

The CHAIRMAN. And from that you may deduct $500,000 for the Alaskan coal development.

Capt. LEUTZE. Yes, sir; or the balance remaining when work stops.

Mr. KELLEY. How do you arrive at the number of barrels of oil needed?

Capt. LEUTZE. We have the operating plan which was furnished by the Chief of Naval Operations. We take the name of each individual ship, and from the record that was sent in for those ships on coal and oil consumption we compute the requirements for each ship, and we arrived at that amount in that manner.

BATTLESHIPS.

The CHAIRMAN. Let us take the battleships: How much of the estimate of $10,709,120 is on account of battleships?

Capt. LEUTZE. For coal on battleships, $350,111.

Mr. KELLEY. $350,000 worth of coal for battleships?

Capt. LEUTZE. Yes, sir. I am giving that in round numbers.

Mr. KELLEY. There is $350,000 for coal, and how much for oil?

MISCELLANEOUS FLAGSHIPS.

Capt. LEUTZE. $786,861. The next item is for miscellaneous flagships——

Mr. KELLEY (interposing). I suppose the miscellaneous flagships go with the battleships?

Capt. LEUTZE. No, sir; not in this computation.

ARMORED CRUISERS.

Mr. KELLEY. Let us leave them out for the moment. How much do you estimate for the armored cruisers?

Capt. LEUTZE. I have not got them down as armored cruisers. I put them down in accordance with the operating plan of operations. It does not check in with that annual report of the Paymaster General you are reading from.

Mr. KELLEY. Why do you not follow the form that the Bureau of Supplies and Accounts follows?

Capt. LEUTZE. Because we computed this on the operations plan given by the Chief of Naval Operations. That was the way we were told to get it up.

Mr. KELLEY. You can not tell them, of course, the requirements for each class of vessels.

Capt. LEUTZE. For instance, of the armored cruisers two are in the miscellaneous flagships.

Mr. KELLEY. Is there not some way by which you can tell how much oil you will burn on the armored cruisers?

Capt. LEUTZE. Not without a redrafting of this statement. It would have to be gone over again by ships.

Mr. KELLEY. The department has a scheme of accounts by which it keeps the account of the battleships, armored cruisers, cruisers of the first class, etc., right straight down. If in making your figures you had followed your own plan, we could tell by comparison where we were at, but if you mix the ships up we can not do it, because we can not tell what ships are going to be supplied with fuel. In determining on a policy that we might have in mind, that sort of information would be important.

Admiral POTTER. We can give you that information.

Mr. KELLEY. How long would it take to make up an expense sheet that will be fairly in accordance with this system of yours?

Admiral POTTER. We could furnish it to-morrow.

Mr. KELLEY. We will want you to bring it up with the latest available accurate figures obtainable covering the expenditures on account of the ships in the Navy.

Admiral POTTER. It would take four or five days to do that.

Mr. REED. You want a statement like that contained in the annual report, showing the expenditures on these ships?

Mr. KELLEY. That would be helpful, but we are discussing only fuel now. Later on I would like to have the complete statement.

Admiral POTTER. That can be furnished in three or four days.

Mr. KELLEY. How long would it take to supply a table like that in the annual report showing all the expenses of all the ships, ship by ship, under the proper classifications?

Admiral POTTER. That would take 10 days.

Mr. KELLEY. That would bring you up to how late a date?

Capt. LEUTZE. Not much beyond the 30th of September, or for the first three months.

Mr. KELLEY. When do you get in your report for the second three months?

Capt. LEUTZE. Some of it is 60 to 90 days getting in.

The CHAIRMAN. This bill can not wait for that, because there are some urgent things that must be passed before the 15th of March. For instance, we have some provision here for the Veterans' Bureau.

Mr. KELLEY. Can you give the amount estimated for the first-class cruisers?

Capt. LEUTZE. No, sir; I can give the amount for the destroyers.

DESTROYERS.

Mr. KELLEY. Let us have the destroyers.

Capt. LEUTZE. We have 65 of them, active, $1,349,838.03. For the reserve destroyers, $2,187,203—213 of them.

Mr. KELLEY. That makes a total of $3,536,203 for the destroyers alone?

Capt. LEUTZE. Yes, sir; $3,537,041.

Mr. KELLEY. What is the situation as to steaming with respect to the 213 that are in reserve.

Capt. LEUTZE. This was computed on one day's steaming in 30.

Mr. KELLEY. It will take practically $2,187,000 to keep them idle?

Capt. LEUTZE. Averaging one day's steaming per month for 213 destroyers.

Mr. KELLEY. How much did you spend on these reserve destroyers whey they were very active last summer during those three months—the 213, or whatever number was in reserve?

Capt. LEUTZE. Destroyers of the first line, 161 of them. It is not separated for those in reserve, sir; they are all in here together, and there are 276 of them.

Mr. KELLEY. Do you not know what you spent on the reserve destroyers last summer?

Capt. LEUTZE. Not separately; I have not that figure with me.

Mr. KELLEY. But that figure is available, is it?

Capt. LEUTZE. I think we can get it.

(NOTE.—One hundred and ninety-six reserve destroyers burned fuel to the approximate value of $2,220,904 during the months of June, July, August, and September.)

The CHAIRMAN. How much was it for all of them?

Capt. LEUTZE. For the three months, $3,183,000. This includes both active and reserve destroyers for July, August, and September.

Mr. KELLEY. And how many were there?

Capt. LEUTZE. Two hundred and seventy-six. We had to estimate for 115, sir. We did not have the reports in at the time this statement was made up.

Mr. KELLEY. So you are going to spend during the next six months about one-half as much for fuel for the destroyers as you spent during the first three months?

Capt. LEUTZE. About half as much, sir, approximately, per month.

The CHAIRMAN. You have given us a figure, $3,187,000, for 276 destroyers for the first three months, and if I recall correctly the figure we had before us previously it was $12,000,000 and something as against what we approximated at $9,000,000 for the entire year, so that it is really more now than was stated then.

Mr. KELLEY. Yes. If they had gone on at that rate it would have taken $12,000,000 for the destroyers alone.

The CHAIRMAN. While the information you gave us then indicated an expenditure of $9,000,000 for the destroyers?

Admiral POTTER. We have here 100 reserve destroyers for July, August, and September, 331,000 barrels, at an average price of $3 a barrel, $993,000. That is for 100.

Mr. KELLEY. Roughly speaking, you had 300, so that would be around $3,000,000, which is what you gave here.

Admiral POTTER. The $3 per barrel was before the reduced price took effect.

The CHAIRMAN. When did the reduced price become effective?

Admiral POTTER. It became effective the first time in November.

Mr. KELLEY. So if you spent $3,183,000 in the first three months, with oil about half what it was then, and you are asking for $3,536,000 for the next six months, it would mean that you intend to run the destroyers about the same as you did in the first three months?

Admiral COONTZ. No; there is some error in the figures or in the reasoning, one or the other, because it is a practical impossibility to consider that. He should have figured this on the small amount they are to run during the last six months. Now, just where the trouble is I do not exactly see, but, of course, it is a physical impossibility, and I will have to look into that. The misunderstanding arises through the fact that a comparison has been made between figures for three months and those for six months. In the first case 276 destroyers used oil to the value of $3,187,000 in three months, or at the rate of $7,366,000 for six months. The estimate for the second six months is for 278 destroyers at a value of $3,537,000, or at approximately one-half the former rate of consumption. Mr. Madden speaks about the $9,000,000 which was figured last spring, and then we were talking about the destroyers.

The CHAIRMAN. You recall that?

Admiral COONTZ. Yes, sir.

The CHAIRMAN. And we only estimated that it would take $9,000,000. I do not think you admitted it, but we estimated it at that amount, and the figures now indicate $12,000,000 at that rate.

Mr. KELLEY. You can see that if you used $3,183,000 in three months and ask for $3,536,000 for six months, with oil about half what it was then, it would mean practically the same steaming, and I wondered whether there might be some mistake in the figure.

Capt. LEUTZE. In the month of December, from actual report, 217 destroyers in reserve used only $326,000 worth of oil.

DESTROYERS LAID UP.

The CHAIRMAN. How much oil do you use on one of these destroyers when it is in reserve? Tell us what you have to do.

Secretary DENBY. Captain, did you take into account the 100 we propose to lay off?

Capt. LEUTZE. No, sir; they are put down in this statement, Mr. Secretary, as being a part of the 213 in reserve.

Secretary DENBY. Their oil consumption will be very little when laid up, of course, and I will say in that connection that the order to decommission the 100 has scarcely become operative, but that is the order, so I think there is some partial explanation there, because 100 destroyers will be absolutely out of commission.

Admiral COONTZ. We figure that the 100 destroyers that are going to be put out of commission are costing, in fuel, roughly, $111,000 a month, which would be $1,332,000 a year, more or less, based on a minimum period at sea each month, as at present.

The CHAIRMAN. That is, when they are laid up.

Admiral COONTZ. Completely laid up; yes. We figure that is what they are costing us now and that is what we will save if we put them out of commission, if the treaty should be ratified.

Mr. KELLEY. Just what do you do to a destroyer when you put it out of commission, or put it in reserve?

Admiral COONTZ. The placing of a destroyer out of commission means taking all the crew off of it, all heating and all lighting.

Secretary DENBY. Except about six men in the crew.

Admiral COONTZ. We would not have more than that and might not have that many, especially if we should lay them up at a navy yard like Philadelphia or tie them up to a buoy in Charleston. In that case the only expense would be that of having somebody go around from time to time to see that there was no possible deterioration. It is our intention with these destroyers that are new to place them in the best possible shape when we lay them up. In other words, they will be completely out of commission.

The CHAIRMAN. That is, you intend to grease their machinery and everything of that kind?

Admiral COONTZ. Yes, sir; in every possible way.

Mr. KELLEY. I had special reference to the fuel. What fuel do they burn when they are laid up?

Admiral COONTZ. None.

Mr. KELLEY. Then, where do you get the $326,000 worth that you say was burned in December?

Admiral COONTZ. They are not laid up yet; they are in commission, and those are the destroyers we are talking about.

Mr. KELLEY. The 213 in full commission?

Admiral COONTZ. In reserve commission; yes, sir. Of that number we expect 100 to go out of commission; they stop cruising.

Mr. KELLEY. That is what I am getting at. If you intend to grease them up and put them in proper storage, why can you not begin the operation at once?

Secretary DENBY. We shall begin it at once.

Mr. KELLEY. Because in 12 months it means about $1,000,000 for fuel.

Secretary DENBY. It is fully intended to begin it at once.

Mr. KELLEY. And if you begin it at once you do not need so much for fuel.

Secretary DENBY. I think that is a fair deduction, but Capt. Leutze is not to blame.

Mr. KELLEY. I am not blaming anybody; I am just trying to get at the amount of money necessary.

Secretary DENBY. It is the purpose immediately to lay these destroyers up and put them out of commission, dry their boilers, dry them out in every way possible, and put them out of commission, in which event they will not have any fuel consumption.

Mr. KELLEY. Who knows what you do with a destroyer that is in reserve commission?

Secretary DENBY. She has about half a crew, and she steams a certain number of days a month. She is extraordinarily valuable for the training of men, and the vessel itself is kept in tiptop condition.

Mr. KELLEY. Then, for all practical purposes, these destroyers in reserve commission are really in full commission, as far as fuel goes?

Secretary DENBY. On steaming days they would be in full commission; yes, eight hours a month, and these destroyers would need fuel for that time, but the rest of the time they need a small amount of fuel; the exact amount I can not tell, but it is based on the necessities of light, etc.

Mr. KELLEY. Captain, is it your understanding that the 213 destroyers in reserve steam only eight hours a month?

Capt. LEUTZ. I computed this on one day a month.

Mr. KELLEY. One day of 24 hours?

Capt. LEUTZ. Yes; one day of 24 hours.

Mr. KELLEY. That would be three 8-hour days?

Capt. LEUTZE. Yes, sir; that is the way this was computed.

Admiral COONTZ. That is on this line, that during the months of January and February, while we are waiting on this deficiency, they were ordered not to steam over eight hours, but should we get the money they would steam one day a month. I think he has figured on steaming one day a month.

Capt. LEUTZE. One day a month for the six months, sir; in other words, six days' steaming between now and the 1st of July at 24 hours a day.

Mr. KELLEY. I am not sure yet as to the basis on which you arrive at the $326,000 for the month of December. Is that based on 8 hours during the month or is it based on 24 hours?

Capt. LEUTZE. That is from the actual reports of consumption.

Mr. KELLEY. You do not know whether they steamed 8 hours or less or more?

Capt. LEUTZE. No, sir.

Secretary DENBY. I think we know they steamed more then than they are steaming now.

Admiral COONTZ. I would like to verify that in the record; I would not like to state offhand. I find the figures are not available, but believe they were in accordance with instructions.

The CHAIRMAN. Are the 100 destroyers about to be laid up included in this calculation?

Capt. LEUTZE. Yes, sir; they are included in that 213.

Secretary DENBY. But I would like to say that they are included in the calculation as reserve destroyers. However, they will not be reserve destroyers. They will be destroyers absolutely out of commission.

The CHAIRMAN. And in making the fuel figures I assume that the fuel consumption of the 100 destroyers to be laid up will be deducted from the $10,000,000 you estimate?

Secretary DENBY. I should think there would be some deduction on that account.

The CHAIRMAN. But not for the entire period, because they will not be laid up at once.

Admiral COONTZ. They will have to steam to the places at which they are to be laid up; and then their stores, if sent to a navy yard, will have to be very carefully taken ashore and invoiced; then we would endeavor with the crew to do all of the laying up of the engines, etc., and it would be a steady-going process. But whatever saving would be made on that would come out of this fuel.

Secretary DENBY. I think a very liberal allowance should be made for the cost of laying up, as it will be considerable.

Mr. KELLEY. We are only dealing with fuel, Mr. Secretary.

Secretary DENBY. It will require fuel until they have reached their berths, wherever laid up.

Mr. KELLEY. The cost of laying up, of course, would enter into this, except as far as fuel is concerned.

Secretary DENBY. That is right; moving them to the point of berthing them.

The CHAIRMAN. That would not enter into this, and what I would like very much to have——

Secretary DENBY (interposing). Except that some items of fuel would probably come in and the maintenance of some trifling number of men.

The CHAIRMAN. What I would like to have is a statement showing the possible saving that would result from that source.

Secretary DENBY. I think such a statement should be prepared for you.

The CHAIRMAN. And if we have that in the record it would help us.

Mr. KELLEY. How much have these reserve destroyers been running this last month?

Admiral COONTZ. To the best of my knowledge they have run eight hours.

NOTE.—The saving will be about $1,000 per month in fuel after they are finally placed out of commission in June, based on present method of operation.

Mr. KELLEY. Just eight hours during the month?

Admiral COONTZ. Yes; but I would like to verify that. A part of those to go out of commission are at Charleston, S. C., and a part

at San Diego, Calif. We have a board now in session trying to decide whether we can care for a part of them at Philadelphia, whether Mare Island will hold some of them, and otherwise whether we will keep some of them out of commission at San Diego or some at Charleston.

Mr. KELLEY. Do you remember what the steaming was during the first three months? It was a good deal more than that, was it not?

Admiral COONTZ. Very much, sir.

Mr. KELLEY. So that with the reduced price of oil, Mr. Secretary, and with the reduced plans of steaming, it seems to me as though the figures are excessive.

Secretary DENBY. I think the figures should be gone over again, and we will do that, but I should explain that it was only last week that I ordered the laying up of the destroyers.

The CHAIRMAN. It is only a question now of how long a period of time will be covered by the laying up of these destroyers, and whether you are going to steam them from San Diego to Philadelphia will have something to do with it.

Secretary DENBY. All of those elements will have to be considered in estimating the cost of laying them up, and, therefore, their maintenance while laid up.

Mr. KELLEY. What other classes have you?

DESTROYER TENDERS.

Capt. LEUTZE. Destroyer tenders.

The CHAIRMAN. Being a landsman I would like to have you tell me what a destroyer tender is.

Capt. LEUTZE. It is the mother ship for 18 destroyers, as a rule, and it carries stores, provisions, etc.

The CHAIRMAN. It is a warehouse?

Capt. LEUTZE. It is a floating warehouse, yes sir; and a reserve depot.

The CHAIRMAN. That answers my question.

Mr. KELLEY. How much for the destroyer tenders?

Capt. LEUTZE. $104,191 in coal and $117,076 in oil.

The CHAIRMAN. How many destroyer tenders have you?

Capt. LEUTZE. Seven, sir.

The CHAIRMAN. All in commission?

Capt. LEUTZE. That is the way this was computed; we figured they would keep seven.

The CHAIRMAN. How many will be in commission if these 100 are laid up?

Admiral COONTZ. We took out one, and it will depend on whether all the destroyers go out of commission at San Diego or Charleston as to whether we can take out two. We have already taken out one.

SUBMARINES AND SUBMARINE TENDERS.

Capt. LEUTZE. The next item is 81 submarines, $137,432. Then 6 submarine tenders, $51,904 for coal and $62,776 for fuel oil.

The CHAIRMAN. That covers all the submarines, does it?

Capt. LEUTZE. No, sir; we have seven of what they call shore-based submarine tenders; they stay at the base and do not move, as

a rule, but they do keep up a certain amount of steaming for necessary purposes, such as charging batteries, etc.

The CHAIRMAN. A submarine tender carries the fuel supply and the food supply?

Capt. LEUTZE. All submarine tenders do not carry fuel.

The CHAIRMAN. It carries extra fuel, does it not?

Capt. LEUTZE. It carries lubricating oil, clothing, provisions, general supplies, and sometimes fuel. Usually the oil is carried in tankers.

Mr. KELLEY. How much do you estimate for those tenders?

Capt. LEUTZE. $110,179.

Mr. KELLEY. That is oil?

MINE LAYERS.

Capt. LEUTZE. Yes; seven of them. Two mine layers, $31,254 coal and $40,778 fuel oil.

The CHAIRMAN. Do you need mine layers; that is, do you need to keep them in service?

Admiral COONTZ. Yes we were very deficient before the last war, and we found how necessary it was to keep up the mining process, and we also know that the mine barrage which we laid in the North Sea had a great deal to do with the ending of the war.

The CHAIRMAN. I was wondering whether you needed to keep them in active service now.

Admiral COONTZ. We do it for this reason, that we have to have somebody who knows how to do it.

Secretary DENBY. We need to keep such men trained as a part of a balanced navy.

Mr. KELLEY. There are some more of those vessels, are there not?

Admiral COONTZ. Those are the big mine layers, while the others are the smaller ones.

Capt. LEUTZE. We have light mine layers, too.

Mr. KELLEY. They are laid up?

Capt. LEUTZE. No; we have 14 of those, and they amount to $276,175 for oil.

Mr. KELLEY. Do you not think that as a deficiency proposition we might stop the mine-laying work for a while?

Secretary DENBY. I do not know about that; it is a part of the fleet, and if we are going to keep up the units of the fleet we will need mine layers. We are not laying mines, neither are we firing at an enemy, but we are keeping up our target practice.

Admiral COONTZ. Mr. Secretary, we told the committee the other day that we had decided to reduce those to 10, of which 4 would be in the Atlantic, 4 in the Pacific, and 2 in China; that would allow a reduction there of 4.

The CHAIRMAN. And the cost of the others would be how much?

Admiral COONTZ. It would be that much off; it would be a proportional reduction, four-fourteenths, depending on when they go out of commission.

Capt. LEUTZE. $80,000, roughly, if they had been decommissioned in January.

MINE SWEEPERS.

The CHAIRMAN. You have 16 mine sweepers. Is there any further need for mine sweepers?

Admiral COONTZ. The same statement goes as to them. The Secretary has determined within the past week that they would be reduced to 10—4 in the Atlantic, 4 in the Pacific, and 2 in the Asiatic waters.

The CHAIRMAN. The amount is $172,124 for mine sweepers; is that right?

Capt. LEUTZE. Yes, sir.

The CHAIRMAN. How many mine sweepers do you take off?

Admiral COONTZ. Four.

The CHAIRMAN. So you take off four-sixteenths, or one-quarter?

Capt. LEUTZE. Yes; and for the six months that would be about $43,000.

The CHAIRMAN. You are only figuring on six months as to all these figures, are you not?

Capt. LEUTZE. Yes; from January 1 to June 30.

Mr. KELLEY. In your fleet maneuvers, and work of that sort, are these a part of the outfit?

Admiral COONTZ. They are; we use them with the fleet.

Mr. KELLEY. Do you take them to Guantanamo?

Admiral COONTZ. Yes, sir. Most of them are in the Pacific; they are at Honolulu, and in Asiatic waters we keep them in Cavite, or in places like that, when we do not otherwise use them.

Mr. KELLEY. What I am getting at is this: In your fleet maneuvers do you depend on these mine sweepers and mine layers?

Admiral COONTZ. No, sir; they are not absolutely dependent upon them, and the only reason we keep this number is to keep somebody who knows how to do the job, and we have found out that we must do that as a part of the regular work of the Navy.

AIRCRAFT TENDERS.

The CHAIRMAN. You have, for example, aircraft tenders. Are you still going to continue the two you have?

Admiral COONTZ. Yes, sir.

The CHAIRMAN. The estimate for oil is $67,021. Then you have one aircraft carrier. Of what does that consist?

Secretary DENBY. That is the *Langley*, one experimental aircraft carrier, and that is in service now.

REPAIR, STORE, AND TOWING SHIPS.

The CHAIRMAN. Then you have two repair ships.

Secretary DENBY. They are invaluable.

The CHAIRMAN. They go with the fleet?

Secretary DENBY. Yes, sir; and more and more they are saving money by making the repairs that are possible at sea.

The CHAIRMAN. You have four store ships. What do they do?

Capt. LEUTZE. They carry principally fresh provisions and also general stores.

The CHAIRMAN. Do you need four of those?

Capt. LEUTZE. Yes, sir; I think so, in order to properly supply the two fleets.

Admiral COONTZ. They are to be reduced to three by the 1st of July.

The CHAIRMAN. But not before?

Admiral COONTZ. No, sir.

The CHAIRMAN. So that there will not be any saving between now and the 1st of July?

Admiral COONTZ. No.

The CHAIRMAN. What about these 19 fleet towing vessels?

Admiral COONTZ. They are to be reduced to 12.

The CHAIRMAN. Now?

Admiral COONTZ. Yes, sir; by the end of the spring target practice in March.

The CHAIRMAN. When will that be done?

Admiral COONTZ. By the 31st of March, which means that we can reduce that for a quarter of the year.

The CHAIRMAN. You have reduced that number by seven ships?

Admiral COONTZ. Yes, sir.

The CHAIRMAN. For three months?

Admiral COONTZ. Yes, sir.

OILERS AND COLLIERS.

The CHAIRMAN. Then you have eight oilers, but you have no calculation made for them.

Capt. LEUTZE. Yes; $258,861 for the oilers.

The CHAIRMAN. Are you going to keep the oilers in service?

Admiral COONTZ. Yes, sir.

The CHAIRMAN. What about the five colliers?

Admiral COONTZ. They are reduced to four.

Capt. LEUTZE. We use the oilers and colliers for moving fuel oil and coal and we can do it very cheaply.

The CHAIRMAN. You have taken off one of the five colliers, so that you take off one-fifth of $146,515?

Capt. LEUTZE. Yes, sir; approximately, for a period of six months.

Secretary DENBY. When does that ship go out of commission?

Admiral COONTZ. We are going to order it out at once; it will be done by the 31st of March.

CARGO SHIPS.

The CHAIRMAN. You have two cargo vessels. What about those vessels?

Admiral COONTZ. We are going to use 12 of the cargo vessels.

The CHAIRMAN. But you only carry two here.

Admiral COONTZ. I do not know how that number got there, because it is a mistake.

Mr. REED. Those two are on the Asiatic Station and are shown separately; the others are shown further down.

SURVEY SHIP.

The CHAIRMAN. Then you have one survey vessel. In what way do you use that vessel?

Admiral COONTZ. We use that for making surveys of the southern coast to Cuba, and we are also making surveys of the east coast of Honduras. We used to run three but now we run one.

The CHAIRMAN. Is not that included in the Coast and Geodetic Survey work?

Admiral COONTZ. No, sir; they do not leave the limits of the United States and the Lakes; the foreign part is ours. We are only running one to keep a nucleus. The various nations, as a rule, survey the various parts of the earth; the British do most of it, but we do a lot of our share.

PATROL SHIPS.

The CHAIRMAN. You have 17 patrol vessels at a cost of $325,312. How many of those are you going to keep in commission?

Admiral COONTZ. We are going to keep 15. The *Albany* and the *New Orleans* are very old. We got them in the Spanish War from the British, and the Secretary has directed, within the last 10 days, that those two vessels be placed out of commission. They are both in China. That reduces the number of patrol vessels by two, and we are sending out two more to relieve them. I should say they will get home and be out of commission by the 31st of May, so that will take off one-sixth of the expense. I find we can not relieve them and get them home sooner. The *Asheville* and the *Sacramento* go out from this coast to relieve them.

FISH COMMISSION BOATS.

The CHAIRMAN. You have two Fish Commission boats. What about those boats?

Admiral COONTZ. We man the Fish Commission boats by act of Congress, and we can not get out of it; we have got to furnish the people and so on; we are perfectly willing to give it up any day.

The CHAIRMAN. What do you do for the Fish Commission?

Admiral COONTZ. We man the Fish Commission boats and operate them. Congress directed us to officer and man them.

The CHAIRMAN. Do you go to the Pribilof Islands?

Admiral COONTZ. They go all over, sir; mostly in the northern Pacific, one small one is on this side; they do all sorts of things, from making deep-sea soundings up to making fishery investigations of all sorts.

SHIPS ON SPECIAL DUTY.

The CHAIRMAN. What about these 12 ships on special duty? What are they?

Admiral COONTZ. The 12 ships on special duty are headed by the *Mayflower* and the *Sylph*; we have one tug at Guantanamo; we have one at Port au Prince; we have two at Santo Domingo; we have two in the Philippine Islands; we have one at Constantinople, where our naval officer is our only representative and our high commissioner; we have two at Guam and one at Samoa. They are small craft, as a rule, and are necessitated by our representatives being off from other people and once in a while there is an insurrection or some sort of

trouble that comes up; we have always kept them there and we consider them a necessity. In Haiti, for instance, we have a high commissioner now who will control the whole island; he has to go around, and in Santo Domingo we have, I take it, 4,000 men and officials some of whom must go all around the island at times, and they have no other means of transportation.

The CHAIRMAN. So you can not dispense with any of those ships?

Admiral COONTZ. No, sir.

FLEET TUGS.

The CHAIRMAN. What about the 30 fleet tugs? What do they do? They are costing $434,549.

Secretary DENBY. They handle ships in the harbors.

The CHAIRMAN. But you have harbor tugs besides. You have 6 harbor tugs in addition to the 30 fleet tugs.

Secretary DENBY. You are now speaking of the fleet tugs?

The CHAIRMAN. Yes.

Admiral COONTZ. These craft are assigned to 14 separate naval districts which are further subdivided into 49 separate activities, which include navy yards, naval stations, ammunition depots, coaling depots, proving grounds, torpedo factories, aircraft, torpedo and submarine bases, all of which in their general work require tug service of one class or another.

Fleet ,harbor, district, and motor tugs.

Name.	Type and number.			
	Fleet.	District.	Harbor.	Motor.
First district:				
Mohave, Patapsco	2			
Nottoway, Iwana, Penacook, James Wooley		5		
Nos. 70, 71, 73 (73 has civilian crew)			3	
Third district:				
Bagaduce, Lykens, Sagamore	3			
Cayuga, Narkeeta, Pentucket, Pawnee		4		
Nos. 53, 54, 55, 56, 61, 63, 67, 72, 74, 84, 81			11	
Fourth district:				
Kalmia, Arapaho (ordered out)	2			
Modoc, Nausett, Samoset		3		
No. 82 (ordered out)			1	
Fifth district:				
Wandank	1			
Advance, Hercules, Massasoit, Mohawk, Rocket, Wahneta, Wicomico		7		
Nos. 80, 83			2	
Sixth district:				
Wandank, Umpqua	2			
Sebago		1		
No. 79			1	
Seventh district:				
Bay Spring	1			
Saco		1		
Eleventh district:				
Koka	1			
Nos. 85, 88				
Twelfth district:				
Tillamook, Undaunted	2			
Dreadnaught, Lively, Navigator, Unadilla, Vigilant		5		
Nos. 87, 89, 94, 95, 96, 99				
Thirteenth district:				
Challenge, Iroquois, Tatnuck, Mahopac	4			
Pawtucket, Sotoyomo		2		
No. 98				

Fleet, harbor, district, and motor tugs—Continued.

Name.	Type and number.			
	Fleet.	District.	Harbor.	Motor.
Fourteenth district:				
Keosanqua, Navojo, Sunnadin	3			
Nos. 49, 50			2	
Nos. 90, 93				2
Fifteenth district:				
Algorma, Sciota	2			
Sixteenth district:				
Genesee, Piscataqua	2			
Wompatuck		1		
No. 92				1
Washington Navy Yard:				
Catawba, Mendota, Uncas		3		
Indianhead, Md.:				
Triton		1		
Nos. 77, 78			2	
Naval stations	10			
Fleets	5			
Total	40	33	22	12

All the fleet tugs are ocean-going tugs, and many of them are fitted with fire-extinguishing apparatus. They also tow vessels at sea and barges from port to port. The Secretary of the Navy told the Committee on Naval Affairs, the other day, that he was going to cut the number of enlisted men by 10,000 and, in the course of the reduction of the 10,000 men we are going to cut down the tugs as much as possible; that is do the best we can.

The CHAIRMAN. How many of the 10,000 men have been let out?

Secretary DENBY. None of them.

Admiral COONTZ. There are 7,296 men on the destroyers.

The CHAIRMAN. They will all be laid up before the 1st of July?

Admiral COONTZ. Yes; by the 1st of July.

The CHAIRMAN. How many of the fleet tugs will be dispensed with?

Admiral COONTZ. We will get rid of at least 10, and all of those we can.

Secretary DENBY. He said fleet tugs, Admiral.

Admiral COONTZ. Seven of the fleet tugs are to be gotten rid of as soon as possible. We will probably sell them if they will bring a good price.

(List showing location follows:)

Assignment of "fleet" tugs.

[Total, 40 fleet tugs.]

Name.	Naval district.	Location.	Enlisted men.
To naval districts:			
Mohave	First	Boston, Navy Yard	27
Patapsco	do	Boston	32
Bagaduce	Third	New London	27
Lykens	do	New York Navy Yard	32
Sagamore	do	Iona Island ammunition depot.	25
Kalmia	Fourth	Philadelphia Navy Yard	29
Arapaho	do	do	20
Wandank	Fifth	Norfolk	37
Wando	Sixth	Charleston	20

Assignment of "fleet" tugs—Continued.

Name.	Naval district.	Location.	Enlisted men
To naval districts—Continued.			
Umpqua	Sixth	Charleston	[illegible]
Bay Spring	Seventh	Key West	[illegible]
Koka	Eleventh	San Diego	[illegible]
Tillamook	Twelfth	Mare Island Navy Yard	[illegible]
Undaunted	do	do	[illegible]
Challenge	Thirteenth	Puget Sound Navy Yard	[illegible]
Iroquois	do	do	[illegible]
Tatnuck	do	do	[illegible]
Mahopac	do	do	[illegible]
Sunnadin	Fourteenth	Pearl Harbor	[illegible]
Navajo	do	do	[illegible]
Keosanqua	do	do	[illegible]
Sciota	Fifteenth	Canal Zone	[illegible]
Algorma	do	do	[illegible]
Genesee	Sixteenth	Cavite Navy Yard	[illegible]
Piscataqua	do	do	[illegible]
Naval station duties:			
Ontario	Samoa		[illegible]
Napa	Guam		[illegible]
Potomac	Santo Domingo		[illegible]
Montcalm	Guantanamo		[illegible]
Chemung	Annapolis		[illegible]
Tadousac	St. Thomas		[illegible]
Osceola	Haiti		[illegible]
Naval air station duties:			
Kewaydin	Fifth	Norfolk	[illegible]
Patuxent	Fifteenth	Canal Zone	[illegible]
Allegheny	Eighth	Pensacola	[illegible]

With Atlantic and Pacific Fleets:
Atlantic Fleet: Contocook, Iuka, Carrabasset.
Pacific Fleet: Pinola, Sonoma.

HARBOR TUGS.

The CHAIRMAN. We come to the harbor tugs; that is where you were going to dispense with a lot?

Admiral COONTZ. We are going to endeavor to dispense with 1 of those, Mr. Chairman. They will go out of commission by March 31.

The CHAIRMAN. Are they all coal burners?

Admiral COONTZ. They are mostly coal burners.

The CHAIRMAN. I should judge they were all because $213,294.84—one-sixth—of those come off. Then the eagle boats, 25, what do they do?

EAGLE BOATS.

Admiral COONTZ. We possess 54 eagle boats built under the emergency of the late war. Of those, 13 are in ordinary at Portsmouth, N. H., 4 are out of commission in different districts, 1 is serving with the marines at Quantico, 5 are with the various submarine detachments at San Pedro, Pearl Harbor, Coco Solo, and New London, and the remaining 29 are scattered over the various naval districts and used solely for the training of naval reservists.

The CHAIRMAN. I understood that you were going to dispense with the services of the Naval Reserve?

Admiral COONTZ. I do not think you could. We are just waiting to bring in a bill to stabilize the Naval Reserve. They discharged a large number of them and stopped their pay, but they called for

volunteers and a number at once reenlisted in class 6 without pay. My judgment is that it is a very necessary thing to train the Naval Reserve. I understand that the whole subject will be thrashed out shortly with a board.

Mr. KELLEY. Will the Naval Reserve be trained from week to week during the next six months?

Admiral COONTZ. Yes, sir.

Mr. KELLEY. How many are there?

Admiral COONTZ. I will have to give you the definite figure. There were 17,628 officers and men in class 6 on January 1, 1922.

Mr. KELLEY. Can not you close down that activity until you get your plans or legislation worked out?

Admiral COONTZ. They are working for nothing, and it would be a very serious thing.

Mr. KELLEY. If they are working for nothing, they are probably not doing very much.

Secretary DENBY. You remember the old Naval Militia—they are doing very much the same work.

SUBMARINE CHASERS.

The CHAIRMAN. As to the submarine chasers, how many of those have you in the service? There are 45 marked here.

Admiral COONTZ. There are still in the possession of the United States 78 subchasers out of 337 which we had at the end of the war, 31 in commission, 17 training reserves, 19 out of commission, 10 on sale, 10 that have been loaned to be kept in condition. It is the expectation of the department that by the 30th of June most of the 31 now in commission will be placed out of commission and placed on sale. We have some a long way from home, such as Constantinople, where there are two, and at various other places, but there is going to be a distinct gain in the next year's bill, because we get them home and sell them as fast as we can replace them.

The CHAIRMAN. We have 45 here?

Admiral COONTZ. Yes, sir. We now have in commission 31 and in training reserves 17. We expect to continue training the reserves with the 17 unless Congress directs otherwise, and the other 31 will be reduced by the end of the year.

Mr. KELLEY. If we had not built those boats, we could get along just as well and would not have that expense?

Admiral COONTZ. They have done a good deal of service.

Mr. KELLEY. I know they have been useful in the war, but if we had not built them we would not build them now—there is no naval constructor who would.

Admiral COONTZ. The eagle boats and the subchasers have had their use.

Mr. KELLEY. That is true.

Admiral COONTZ. The Secretary has told you the situation; we have gotten rid of about 600 out of 1,400. We are going to sell more. Since Mr. Denby came into office we have sold 246 ships.

Mr. KELLEY. These subchasers use up a tremendous amount of gasoline?

Admiral COONTZ. If we did not have use for them, we would sell them.

Mr. KELLEY. What if you did not have them?

Admiral COONTZ. I expect that you would pay money for tug hire.

Mr. KELLEY. You would not have to hire any tugs?

Admiral COONTZ. Not where they are.

Mr. KELLEY. It seems that you have a lot of them there?

Admiral COONTZ. Yes, sir; but a tug at Constantinople—if you had to hire a tug there. We have been reducing them from 337 down to the 31 for ourselves now, and those 31 are going by the board as fas as possible.

MISCELLANEOUS BOATS.

The CHAIRMAN. Let me ask you what about this miscellaneous lot of 30 ships, the cost of which was $379,746.90, which seem to be all coal burners?

Admiral COONTZ. They are at the various navy yards.

The CHAIRMAN. These are all miscellaneous boats?

Admiral COONTZ. No, sir; they have various duties. I should like to have this entered fully in the record.

Helori, S. P. 181, motor boat, 92 feet long, ferry duty at navy yard, Puget Sound, six men.

Privateer, motor boat, 106 feet long, district tender at navy yard, New York, five men.

Samoset No. 2,000, freight and passenger steamer, 103 feet long, used with receiving ship, New York, no men regularly attached.

Traffic,[1] freight steamer, 106 feet long, out of commission, navy yard, New York.

Transfer, freight steamer, 110 feet long, duty navy yard, New York, six men.

Zumbrota, motor boat, 69 feet long, used along Florida coast by commandant, Key West, five men.

Clio, freight and passenger steamer, 109 feet long, used at training station Norfolk, in commission, nine men.

Commodore, old steamer, bedded in concrete at Chicago, used for training reservists, six men.

Cyane, ferryboat, 99 feet long, used at Newport as torpedo range tender, six men.

Faithful, ferry launch, 80 feet long, used at Newport as yard ferryboat, three men.

Wave, ferryboat, 105 feet long, used at Newport as yard ferryboat, civilian crew of nine men.

Narragansett, ferryboat, 117 feet long, used at Newport as yard ferryboat, civilian crew of nine men.

Porpoise, ferryboat, 185 feet long, used at Washington Navy Yard as passenger boat to Indianhead and Dahlgren, 24 men.

Grampus, freight and passenger steamer, 126 feet long, at Washington Navy Yard, in commission, not operating, eight men, alternates with *Porpoise* in operating.

Geo. F. Pearce,[1] freight and passenger boat, 121 feet long, at Philadelphia Navy Yard, out of commission (ordered).

Inca,[1] ferryboat, 103 feet long, at Newport, R. I., out of commission, waiting transfer to fifth district.

Admiral Glass, ferryboat, 85 feet long, at Mare Island, in commission, six men, laid up for repairs, used for freight and passengers at San Francisco in naval transportation service.

Dart, ferry launch, 71 feet long, at Mare Island, in commission, five men, navy-yard duty.

Leslie, ferry launch, 75 feet long, at Mare Island, in commission, 17 men, used as fire launch.

Castro, ferry launch, 75 feet long, at San Francisco, in commission, six men used for freight and passengers in naval-transportation service at San Francisco.

[1] Out of commission.

Vergana,[1] yacht, 125 feet long, at Mare Island, out of commission, to be sold.

Pinafore, ferry launch (small), at Mare Island, yard duty, in commission, five men.

Ambulance boat *No. 1*, formerly motor tug *No. 97*, hospital trips, naval-transportation service between San Francisco and Mare Island, five men.

Ambulance boat *No. 2*, formerly motor tug *No. 101*, in commission, naval hospital, Norfolk, Va., four men.

Ambulance boat *No. 3*,[1] formerly motor tug *No. 101*, out of commission, at Norfolk, Va.

Berceau,[1] ex-torpedo boat *Talbot*, 99 feet long, used as ferryboat at Indianhead, Md., now out of commission, minor repairs, no crew assigned.

Coast torpedo boat *No. 6*, ex-torpedo boat *Morris*, 138 feet long, at Newport, R. I., minor repairs, to be used as tender on torpedo testing barge, 11 men.

Marija, motor boat, 45 feet long, used at Charleston Navy Yard, three men.

Herreshoff *No. 323*, yacht, 112 feet long, used at Alexandria, Va., on torpedo testing range at Piney Point, Md., 12 men.

Shadyside, ferry launch, 85 feet long, civilian crew, ferry between Naval Academy and experimental station.

Mr. KELLEY. In making up this list now will it not be possible for you and the Secretary to make a further examination of these boats that seem to be of very little military service and see if the whole matter can not be eliminated?

Secretary DENBY. I think when you get through with the destroyers you will have pretty nearly combed down the matter to economy. However, I shall be glad to take that up.

Admiral COONTZ. We can have it prepared, I take it, in 48 hours. The reason the figures differ from mine, we got this word Saturday night, and it was necessary to go into it. While Capt. Leutze worked from 2 p. m. Sunday until 9 a. m. this morning he was working on different figures. I think within 48 hours we can get it.

NAVAL TRANSPORT SERVICE.

The CHAIRMAN. The naval transport service, 33, they are coal burners and oil burners?

Capt. LEUTZE. The N. T. S. run special trips from New York to the west coast and save considerable money carrying navy freight, passengers, and fuel.

Mr. KELLEY. Is this what you call the naval overseas service?

Capt. LEUTZE. It used to be called that.

The CHAIRMAN. Is there any possibility of reducing the number of these?

Admiral COONTZ. What number?

The CHAIRMAN. Thirty-three, Admiral.

Admiral COONTZ. Yes, sir; there is a possibility of reducing those. I will be glad to put that in. The oilers to be handled are 13, the oilers come down to 4, and the transport cargo vessels to 10.

The CHAIRMAN. Twenty-seven against 33?

Admiral COONTZ. Yes, sir; we will put them in the list.

Oilers (13):

Arethusa, Atlantic coast.

Alameda, Norfolk; ordered out of commission.

Kaweah, fitting out at Philadelphia.

Laramie, fitting out at Norfolk.

[1] Out of commission.

Oilers (13)—Continued.
Mattole, not yet taken over from Shipping Board.
Patoka, transpacific oil service.
Ramapo, transpacific oil service.
Rapidan, fitting out at Norfolk.
Salinas, fitting out at Norfolk.
Sapelo, oil service for vessels in Europe.
Sepulga, fitting out at Mare Island.
Tippecanoe, not yet taken over from Shipping Board.
Trinity, temporarily assigned to Atlantic Fleet.
Colliers (4):
Neptune, assigned to Atlantic Fleet.
Nereus, assigned to Atlantic Fleet.
Proteus, assigned to Atlantic Fleet.
Jason, assigned to Pacific Fleet.
Transports and cargo vessels (10):
Henderson, West Indies transport service.
Argonne, Atlantic-Pacific transport service.
Chaumont, Atlantic-Pacific transport service.
Kittery, West Indies freight service.
Beaufort, West Indies freight service.
Newport News, transpacific freight service.
Vega, Atlantic-Pacific freight service.
Capella, Atlantic-Pacific freight service.
Sirius, Atlantic-Pacific freight service.
Cæsar, Hampton Roads.
Tutiula, to be placed out of commission about June 30.
Total, 27.

RESERVE SHIPS.

The CHAIRMAN. Here is a reserve battleship—I do not know the name—3,476 tons of coal at a cost of $22,734, a reserve cruiser?

Admiral COONTZ. The cruiser known as the *Charleston;* she is at San Diego. She takes the place of the *Birmingham*, which takes the place of the *Niagara*, which we will place out of commission.

Mr. KELLEY. Please give some of the details when you make up the revised list.

Admiral COONTZ. Yes, sir.

Mr. KELLEY. Seventeen reserve submarines; you have already called our attention to them?

Admiral COONTZ. Yes, sir.

Mr. KELLEY. Will you keep the 17 reserve submarines?

Admiral COONTZ. No; sell them.

Mr. KELLEY. They cost how much?

Admiral COONTZ. $6,725.

Mr. KELLEY. Reserve mine sweepers, 12; you will cut those out?

Admiral COONTZ. Yes, sir; as soon as out of commission.

Mr. KELLEY. You cut out $97,971. We have 213 reserve destroyers?

Admiral COONTZ. Yes.

Mr. KELLEY. The cost there is $2,187,203.58?

Admiral COONTZ. The Secretary's proposition is to keep 76 in full commission and put 100 more out of commission, and the expense will be practically nil.

Mr. KELLEY. That will be shown in your revised list?

Admiral COONTZ. Yes, sir.

Mr. KELLEY. Which one of the items include the armored cruisers and the other cruisers?

Admiral COONTZ. The armored cruisers that still exist would be in the item 4 or 5, flagships, and are represented by the *Seattle*, the *Birmingham*, and the *Rochester*. There is only one armored cruiser in the estimates.

Mr. KELLEY. What is the difference between an armored cruiser and a cruiser of the first class?

Admiral COONTZ. I call an armored cruiser one of our ships which when built was intended to take her place in the battle line. The time of that class is past. They have now battle cruisers of a more advanced type.

Mr. KELLEY. All of these cruisers are in commission that are shown on pages 95 and 96 of last year's report?

Admiral COONTZ. No, sir. That is the report of the Paymaster General showing charges. It does not indicate the status of the ships.

Mr. KELLEY. Those you are buying fuel for for the next six months, tell us which of them are included in that list.

Admiral COONTZ (reading from page 95, annual report Paymaster General, United States Navy:)

Armored cruisers: *Frederick*, no; *Huntington*, no; *North Carolina*, no; *Huron*, yes; *Memphis*, no; *Missoula*, no; *Pittsburgh*, no; *Pueblo*, no; *San Diego*, mined 1917, no; *Seattle*, no. Cruisers: *Brooklyn*, no; *Charleston*, yes; *Milwaukee*, sunk in 1917, no; *Rochester*, yes; *St. Louis*, no; *Chicago*, yes; *Columbia*, no—been sold; *Minneapolis*, no—been sold; *Olympia*, no; *Omaha*, no; *Milwaukee*, no—*Milwaukee* has been gone for a long time, sunk off the coast.

Would you like to have the third-class cruisers?

Mr. KELLEY. Yes, sir.

Admiral COONTZ (reading:)

Albany, no; *Anniston*, no; *Birmingham*, yes; *Chattanooga*, no; *Chester*, no; *Cincinnati*, no—sold; *Cleveland*, yes; *Denver*, yes; *Des Moines*, no; *Galveston*, yes; *Marblehead*, no—sold; *New Orleans*, no; *Raleigh*, no—sold; *Salem*, no; and *Tacoma*, yes.

There is a possibility of one other which I can check up very easily. A great many have disappeared from the roll long since.

Mr. KELLEY. Are there any other classes carried in this report that are included in any of these heads? There is a long list of ships upon which no sums have been spent up to July 1, last?

Admiral COONTZ. Yes, sir; I take it because such vessels as the *Leviathan* are in it. I would suggest that the reports for the future will show the expenditures for the preceding year.

Capt. LEUTZE. Colliers, 5; and oilers, 8.

Mr. KELLEY. Here is a long list of fuel ships on page 121. What has become of them?

Admiral COONTZ. The *Abarenda* is to be sold; the *Ajax* must have been sold; the *Alameda* has been ordered to be sold; the *Arethusa*—*Robert L. Barnes* is at Guam; the *Brazos*—I take it to be an oiler; *Brutus*, long off the list; *Caesar*, to go off the list; *Cuyuma* I think is an oiler; *Hector* must have disappeared years ago; *Jason* is a collier; *Kanawha*, I do not know.

Mr. KELLEY. I do not know that I want you to go into a history of each one.

Oilers (13)—Continued.
Mattole, not yet taken over from Shipping Board.
Patoka, transpacific oil service.
Ramapo, transpacific oil service.
Rapidan, fitting out at Norfolk.
Salinas, fitting out at Norfolk.
Sapelo, oil service for vessels in Europe.
Sepulga, fitting out at Mare Island.
Tippecanoe, not yet taken over from Shipping Board.
Trinity, temporarily assigned to Atlantic Fleet.
Colliers (4):
Neptune, assigned to Atlantic Fleet.
Nereus, assigned to Atlantic Fleet.
Proteus, assigned to Atlantic Fleet.
Jason, assigned to Pacific Fleet.
Transports and cargo vessels (10):
Henderson, West Indies transport service.
Argonne, Atlantic-Pacific transport service.
Chaumont, Atlantic-Pacific transport service.
Kittery, West Indies freight service.
Beaufort, West Indies freight service.
Newport News, transpacific freight service.
Vega, Atlantic-Pacific freight service.
Capella, Atlantic-Pacific freight service.
Sirius, Atlantic-Pacific freight service.
Cæsar, Hampton Roads.
Tutiula, to be placed out of commission about June 30.
Total, 27.

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Mr. KELLEY. I do not know that I want you to go into a history of each one.

Admiral COONTZ. I take it you understand that that is a charge carried on for years, as on a great many ships that have been listed.

Mr. KELLEY. It gives the expenditures for the year ending July 1, 1921.

Admiral COONTZ. I should like to have Admiral Potter explain that.

Admiral POTTER. The records run through the year, not necessarily charges against the appropriation.

Mr. KELLEY. But this report is your report on the expenditures on these ships for the current year? They are not very far back?

Admiral POTTER. No, sir.

Mr. KELLEY. How far back?

Admiral POTTER. The reports are up to date; in each case those charges are approximately correct.

Mr. KELLEY. In the main, the charges carried in this book are very close to what will be expended during the year?

Admiral POTTER. They are close. I will just mention that they synchronize with the actual apropriation in the bureau, but this year we endeavored to save and we diminished the size of the publication. I had to cut out 500 pages which would otherwise have been carried.

Mr. KELLEY. I do not quite see, from everything that has been said so far, how it could possibly cost nearly $13,000,000, as you say, for fuel.

Capt. LEUTZE. If I remember correctly, there were eight or nine hundred vessels that were included in that. I do not remember the figures. It has been a couple of months since that was done.

Mr. KELLEY. You do not mean that it would take twelve or thirteen million dollars to keep the ships that we are talking about in commission?

Capt. LEUTZE. We took the active list of ships and figured it up on the active list of ships.

Mr. KELLEY. What you mean is that if you took all of the ships that are out of commision entirely in the Navy and add to them those that are in commisison, the two would agregate $13,000,000.

Capt. LEUTZE. I do not remember that figure now.

Secretary DENBY. He did not say taking the ships out of commission, but only the ships in commission.

Capt. LEUTZE. At the time that calculation was made, there were some 800 ships, as I recall it——

Mr. KELLEY (interposing). How many were in commission?

Capt. LEUTZE. They were all in commisison on that list as it was made up.

Mr. KELLEY. If you kept those ships running in a normal way, why would it take about twenty-seven or twenty-eight million dollars, while, if you tied them up tight, and did not run them at all, it would take $13,000,000? That does not seem very sound reasoning to me.

Secretary DENBY. It is not unbelievable when you consider that their runing time is so much less than their time tied up.

MONDAY, FEBRUARY 20, 1922.

DAMAGE CLAIMS.

STATEMENT OF MR. ALBERT E. SHOEMAKER, REPRESENTING THE JUDGE ADVOCATE GENERAL OF THE NAVY.

The CHAIRMAN. You have an item here that is not printed in the bill, but which appears in House Document No. 182, adjusted claims on account of damage occasioned to private property by collision with vessels of the United States Navy, $5,163.26. This is the document that I have in my hand, and it enumerates the cases and the amount of each. Are all of these under $500?

Mr. SHOEMAKER. None of them are more than $500.

The CHAIRMAN. The Secretary of the Navy has the power under the law to adjust these claims.

Mr. SHOEMAKER. The Secretary of the Navy has the power to adjust these claims under the law of June 24, 1910—36 Stat. L., 607—which reads as follows:

The Secretary of the Navy is hereby authorized to consider, ascertain, adjust, and determine the amounts due on all claims for damages, where the amount of the claim does not exceed the sum of $500, hereafter occasioned by collision, for which collisions vessels of the Navy shall be found to be responsible, and report the amounts so ascertained and determined to be due the claimants to Congress at each session thereof through the Treasury Department for payment as legal claims out of appropriations that may be made by Congress therefor.

The CHAIRMAN. All have been thoroughly examined?

Mr. SHOEMAKER. All have been thoroughly examined.

The CHAIRMAN. How do you reach the conclusion, what sort of an investigation do you make?

Mr. SHOEMAKER. In the first place, these collisions are investigated by naval boards, and the records of the proceedings are forwarded to the department and passed over to the Judge Advocate General's office which determines in each case what amount, if any, the Government owes, as a result of the collision, or what amount, if any, may be due the Government on account of the collision. This Document No. 182 contains the letter of the Secretary of the Navy under date of February 9, 1922, transmitting 20 of these adjusted claims.

The CHAIRMAN. Giving the details of each claim?

Mr. SHOEMAKER. Yes, sir; that is, the amount of the claim, the name of the claimant, the name of the Government vessel doing the damage, and the name of the privately-owned property damaged, and the allowance. They are all by agreement with the claimant as to what amount should be allowed. I might say, Mr. Chairman, that a number of these claims were in excess of $500 but were reduced in order to meet the terms of the act.

The CHAIRMAN. A good many of less than $500 were adjusted?

Mr. SHOEMAKER. Yes, sir; but none of more than $500.

The CHAIRMAN. Has everything which the law requires to be done in the settlement of these claims been complied with?

Mr. SHOEMAKER. Yes; the law has been complied with in every particular.

Mr. SISSON. It is a final settlement in each case?

Mr. SHOEMAKER. Yes, sir; we do not settle in any other way. Sometimes they ask us to pay in part, and leave the balance for future action, but we do not do that.

Mr. SISSON. You make a complete settlement?

Mr. SHOEMAKER. Yes, sir.

NAVY DEPARTMENT,
Washington, February 9, 1922.

SIR: This department has considered, ascertained, adjusted, and determined the respective amounts due claimants on account of damages for which vessels of the United States Navy were found to be responsible in the following-described instances:

1. The owner of the fishing boat *San Michael* for damages sustained by said boat as a result of collision with U. S. S. *Eagle No. 54* in Cape Cod Canal on June 14, 1921, $50. The correspondence in the department indicates that the owner of the damaged boat is Antonino Gilardi, 228 North Street, Boston, Mass.

2. The owner of the tug *M. Moran* for damages sustained by said tug as a result of collision with United States Navy tug *No. 61* at Pier 1, North River, N. Y., in August, 1921, $500. The correspondence in the department indicates that the owner of the damaged tug is the Moran Towing & Transportation Co., 17 Battery Place, New York City.

3. The owner of Pier No. 37, located at San Francisco, Calif., for damages caused to said pier by the U. S. S. *Henshaw* on August 14, 1921, $57.30. The correspondence in the department indicates that the owner of the damaged pier is the Board of State Harbor Commissioners, Union Depot and Ferry House, San Francisco, Calif.

4. The owner of barge *No. 323* for damages sustained by said barge as a result of collision with U. S. S. *Narkeeta* at the navy yard, New York, on June 24, 1921, $207.64. The correspondence in the department indicates that the owner of the damaged barge is the Central Railroad Co. of New Jersey, 143 Liberty Street, New York City.

5. The owner of the steamship *A. L. Kent* for damages sustained by said steamship as a result of collision with the U. S. S. *Trinity* at Hampton Roads, Va., on May 6, 1921, $469.30. The correspondence in the department indicates that the owner of the damaged steamship is the Crowell & Thurlow Steamship Co., Crowell & Thurlow, agents, 131 State Street, Boston, Mass.

6. The owner of a wharf located at Martinez, Calif., for damage caused to said wharf by U. S. destroyer *Hamilton No. 141* on April 7, 1921, $500. The correspondence in the department indicates that the owner of the damaged wharf is the Shell Co., of California, Security Building, San Francisco, Calif.

7. The owner of Pier No. 41, located at San Francisco, Calif., for damages caused to said pier by U. S. S. *Tingey No. 272* on July 12, 1921, $152.59. The correspondence in the department indicates that the owner of the damaged pier is the Board of State Harbor Commissioners, Union Depot and Ferry House, San Francisco, Calif.

8. The owner of barge *No. 305*, for damages sustained by said barge as a result of collision with Navy barge *No. 112* at the navy yard, New York, on September 8, 1920, $14.63. The correspondence in the department indicates that the owner of the damaged barge is the Central Railroad Co. of New Jersey, 143 Liberty Street, New York City.

9. The owner of Pier No. 3, located at Jacksonville, Fla., for damages caused to said pier by the U. S. S. *Balch* on March 26, 1921, $500. The correspondence in the department indicates that the owner of the damaged pier is the Clyde Steamship Co., Pier 36, North River, N. Y.

10. The owner of Cedar Point Dock, located at Cedar Point, Ohio, for damages caused to said dock by U. S. S. C. *No. 886* on July 30, 1918, $500. The correspondence in the department indicates that the owner of the damaged dock is the Cleveland & Buffalo Transit Co., of Cleveland, Ohio.

11. The owner of Pier No. 80, located at North River, N. Y., for damages caused to said pier by the U. S. S. *Florida*, the U. S. S. *Delaware*, and the U. S. S. *North Dakota* on July 22, 1921, $275. The correspondence in the department indicates that the owner of the damaged pier is the Central Railroad Co. of New Jersey, who leased it to the Atlantic Transport Co., of 11 Broadway, New York City, the claimant.

12. The owner of Pier No. 2, located at Jacksonville, Fla., for damages caused to said pier by U. S. Navy destroyer *Lawrence* on June 29, 1921, $179.05. The correspondence in the department indicates that the owner of the damaged pier is the Clyde Steamship Co., Pier 36, North River, N. Y.

13. The owner of the steamship *Emergency Aid*, for damages sustained by said vessel as a result of the wash of U. S. Navy destroyer *Goff* at Hog Island, Philadelphia, on March 3, 1921, $330.15. The correspondence in the department indicates that the owner of the damaged vessel is the United States Shipping Board, Washington, D. C.

14. The owner of a dock located at Norfolk, Va., for damages caused to said dock by U. S. Navy tug *Wahneta* while docking Navy lighter *No. 58* on November 10, 1920, $200. The correspondence in the department indicates that the owner of the damaged dock is the Texas Co., Norfolk, Va.

15. The owner of a dolphin on east side of drawbridge at San Pedro, Calif., for damages cause to said dolphin by U. S. S. *Eagle No. 34* on August 6, 1921, $20.90. The correspondence in the department indicates that the owner of the damaged dolphin is the Southern Pacific Co., San Francisco, Calif.

16. The owner of the barge *Eugene B. Reynolds*, for damages sustained by said barge as a result of the wash of the U. S. S. *Broome* (destroyer *No. 210*) at Eighty-second Street, East River, N. Y., on December 11, 1919, $114. The correspondence in the department indicates that the owner of the damaged barge is C. H. Reynolds & Sons (Inc.), Morgan Avenue and Meserole Street, Brooklyn, N. Y.

17. The owner of South Wharf, located at Sixteenth Street, San Francisco, Calif., for damages caused to said wharf by the U. S. S. *Hogan* on April 6, 1921, $232.57. The correspondence in the department indicates that the owner of the damaged wharf is the Board of State Harbor Commissioners, Ferry Building, San Francisco, Calif.

18. The owner of the motor boat *Mary Powell No. 7129*, for damages sustained by said motor boat as a result of collision with U. S. ammunition lighter *No. 29* (*L. M. Sullivan*) on July 5, 1921, $150. The correspondence in the department indicates that the owner of the damaged boat is Harry Clifford, 982 Columbus Avenue, New York City.

19. The owner of a house boat and a motor boat, for damages sustained by said boats as the result of swells from U. S. Navy destroyer *Rizal* in the Columbia River on June 19, $450. The correspondence in the department indicates that the owner of the damaged house boat and motor boat is Joseph B. Medley, St. Helens, Columbia County, Oreg.

20. The owner of piling on the south side of Pier No. 43, San Francisco, Calif., for damages caused to said piling by the U. S. S. *Doyen* on June 30, 1921, $260.13. The correspondence in the department indicates that the owner of the damaged piling is the Board of State Harbor Commissioners, Union Depot and Ferry House, San Francisco, Calif.

I have the honor to request that the amounts found due the claimants as above set forth be reported to Congress for payment in accordance with the provisions of the act of June 24, 1910 (36 Stat. L., 607).

In all, $5,163.26.

Very respectfully,

EDWIN DENBY,
Secretary of the Navy.

The SECRETARY OF THE TREASURY.

PAY, MISCELLANEOUS.

STATEMENTS OF CAPT. S. W. BRYANT AND COMMANDER L. NOYES.

INCREASE OF LIMITATION ON TELEGRAPH AND TELEPHONE EXPENSES.

The CHAIRMAN. You have an item under general expenses—pay, miscellaneous?

Capt. BRYANT. Yes, sir; for telegraph and telephone expense, $109,000.

The CHAIRMAN. You want to increase the allotment for that purpose?

Capt. BRYANT. Yes, sir.

The CHAIRMAN. Please state why.

Capt. BRYANT. The original amount that we estimated, as a result of the first quarter of this year, that we would need for approved requisitions was three hundred and nineteen thousand five hundred and thirty-five dollars and some odd cents. Since that time, as a result of cutting down requisitions and whatever additional requisitions we have been able to get in in the succeeding quarter we have been able to reduce the amount of that item of $319,535 to $302,000.

The CHAIRMAN. It is $359,000.

Capt. BRYANT. Yes. That was the total originally requested, but that has now been reduced to $322,000. There is $17,326.98, which was put in our estimate as additional for expenditures incurred during the first quarter as the result of the bill not being passed until the 11th day of July. We have been able to absorb all of that except $5,000. There is a reduction in this item of $12,000.

The CHAIRMAN. Between the 1st and 12th of July you went on and expended the funds of the former appropriation rather than on what the prospective appropriation would be?

Capt. BRYANT. As soon as the bill was passed cuts were ordered, but a certain amount of time was required to effect the economies necessary to meet the conditions imposed by the passage of the bill.

TELEPHONE AND TELEGRAPH RENTALS AND TOLLS.

[Extract from Secretary of the Navy's letter to the Director of the Bureau of the Budget, of Dec. 17, 1921.]

No additional appropriation of funds is involved, this being simply a request for an increase in limitation.

The naval appropriation act for the fiscal year 1922, under the appropriation "Pay, miscellaneous," limited the amount that can be expended for telephone rentals and tolls, telegrams, and cablegrams to $250,000. For previous years the expenditures under this heading have been as follows:

1918 [1]	$903,790.81	1920	$1,002,079.56
1919 [1]	2,439,115.50	1921	554,323.85

The original estimate submitted for 1922 by the Director of Naval Communications was $470,000. This was reduced to $400,000 by the Secretary of the Navy, but was further cut to $250,000 by Congress, as above stated. Every effort has been made to bring expenditures within the $250,000 allowed. Immediately upon passage of the naval bill, early in July, cuts were made so as to bring the service down to what is really an emergency basis, and stringent orders were issued to reduce dispatch work to the absolute minimum.

It must be remembered that under this item are included every telephone plant, including switchboard, trunk lines, and telephones; every telephone call made, both local and long distance; and every telegram and cable sent for the entire naval service, afloat and ashore. At present the Navy is operating under this item at a yearly rate of $319,535.37, as indicated by approved or pending requisitions. However, due to the fact that the naval appropriation act was not passed until July 12, it was impossible to make effective immediately all of the drastic reductions ordered, and considerable unavoidable expenditures resulted during the first quarter of the fiscal year. Furthermore, on account of the drastic nature of the cuts made, in some cases it will not be possible to keep within the allowed amount, although the most stringent orders have been issued and the best effort is being put forward.

As previously stated, the amounts now allowed represent emergency service and, in a number of instances, noneconomical service, because the amounts saved in telephone and telegraph allowance result in expenditures in other appropria-

[1] The 1919 appropriation was made available for paying 1918 bills and, therefore, a large amount properly chargeable under 1918 is included under 1919.

tions far in excess of the savings effected under "Pay, miscellaneous." The present status of this subhead of "Pay, miscellaneous" is estimated to be as follows:

Obligated on approved requisitions	$319,535.37
Additional for expenditures incurred during first quarter over approved requisitions	17,326.98
To restore efficient service where too drastic cuts have already been made	22,420.80
Total	359,283.15

No further reductions can be made in expenditures for the present year without actually crippling naval activities and without an actual loss to the Government under other appropriations.

In view of the foregoing facts, I request that the limit of $250,000 be raised to $359,000. The Navy Department will endeavor by curtailment to save the additional $109,000 required under this subhead from the other subheads of the appropriation "Pay, miscellaneous."

[Memorandum for Secretary of the Navy.]

Subject: Present status of prospective deficiency "Pay, miscellaneous, 1922," subhead 10.

1. As of to-day, the best estimate of the status of "Pay, miscellaneous, 1922," subhead 10, is as follows:

	Present status.	Previous estimate.
Approved requisitions	$302,263.47	$319,535.37
Additional for expenditures incurred during first quarter over approved requisitions	5,000.00	17,326.98
To restore efficient service where too drastic cuts have already been made	15,000.00	22,420.80
Total	322,263.47	359,283.15

2. This saving has been made by continual pressure in regard to reduction in expenses and is specifically due to the following items:

First. General cut in despatch work throughout Navy.

Second. Reduction of wire traffic by maximum use of radio, and dispatch mail system.

Third. Telephone plant cuts:

(*a*) All navy yards.

(*b*) Inspectors.

(*c*) Recruiting stations.

(*d*) Naval station, New Orleans.

(*e*) Naval Station, Key West.

(*f*) Naval Training Station, Great Lakes.

Fourth. Reduction of estimate for additional expenditures incurred during first quarter.

Fifth. Cancellation of combined fleet cruise to Canal Zone.

Sixth. General reduction of cruising of ships.

3. The original estimate was based on figures for the first quarter. The present estimate is more accurate, being based on figures for first and second quarter combined.

Mr. SISSON. You want $302,000?

Capt. BRYANT. $322,000. There is another item of $15,000 asked for to restore efficient service where the cuts were drastic and have made the service uneconomical to the administration of the Government. I request to file herewith a letter of the Secretary of the Navy to the Director of the Budget.

The CHAIRMAN. In other words, with the $250,000 now authorized you want authority to expend $322,000 out of the appropriation that exists?

Capt. BRYANT. Yes, sir.

The CHAIRMAN. Why do you not economize in this activity? There is no reason why there should be such an extravagance in it.

Capt. BRYANT. This is the closest estimate that we can make: we have been economizing.

Commander NOYES. We have economized from 1919, $2,000,000.

The CHAIRMAN. That was during the war?

Commander NOYES. Yes, sir; and $1,554,000 the next year.

Mr. KELLEY. Please tell us how this is divided, how much long distance telephoning?

Commander NOYES. $140,949.02 for telephone rentals. That includes all naval stations.

Mr. KELLEY. And includes leased wires?

Commander NOYES. Yes, sir.

Mr. KELLEY. How many leased lines have you?

Commander NOYES. One telegraph wire from Norfolk to Washington, one from Washington to Boston; one telephone wire Washington to New York, and one from Washington to Norfolk.

Mr. KELLEY. Is that necessary now?

Commander NOYES. Yes, sir.

Mr. KELLEY. Why can not you give up the leased lines?

Commander NOYES. With the present amount of business it is cheaper to lease the wire than to pay the tolls.

Mr. SISSON. Can not you use the mails more?

Commander NOYES. We use them as much as we can.

Mr. SISSON. During the war Congress rather took the bridle off of the use of cablegrams and telegraph wires. There has grown up within the departments, not only the Navy Department, but all of the departments, a desire to use telegrams and telephones. I doubt whether the Navy Department has been entirely exempt from that habit. What is your telegraph bill?

Commander NOYES. $100,325.55.

Mr. KELLEY. And how much for cables?

Commander NOYES. That includes the cables.

Mr. SISSON. You get the Government rate?

Commander NOYES. It has been increased about 50 per cent.

Mr. SISSON. What is the Government rate?

Commander NOYES. It used to be 1 cent a word east of the Mississippi. Now we pay 40 per cent of the commercial rates.

The CHAIRMAN. What are the commercial rates per word?

Commander NOYES. That all depends on the destination. It used to be that the Government got a flat rate of 1 cent a word this side of the Mississippi; but now we have to pay according to the distance.

Mr. SISSON. What was your bill in 1916 for this prior to the war?

Mr. REED. About $100,000.

Mr. KELLEY. How much do you use the wireless now; you did not have the wireless then?

Commander NOYES. It is rather difficult to figure what the exact value of it is. We have estimated that the total cost for the last fiscal year would have been $5,000,000 if rented at commercial rates.

Mr. KELLEY. You are using $5,000,000 of wireless?

Commander NOYES. All over the world.

Mr. KELLEY. The Navy?

Commander NOYES. No, sir; for the entire Government. We have not known how much of that was used for other departments of the

Government. We furnish free service to all departments of the Government. I think about 40 per cent.

Mr. KELLEY. For the Navy?

Capt. BRYANT. For the other departments.

Mr. KELLEY. And $3,000,000 for the Navy. In 1916 you did not have any wireless at all?

Commander NOYES. Yes, sir; we did.

Mr. KELLEY. How much did you have in 1916? You could not have had much wireless six years ago.

Commander NOYES. We have increased the power of the stations, but in 1916 we had smaller stations at the principal points where we have stations now.

Capt. BRYANT. I was here in 1916. We have practically the same coast stations that we had in 1916. There may be a few more, but only about three more high-powered stations.

Mr. KELLEY. That is contrary to my recollection, and I would like to hear from Admiral Taylor.

Admiral ROBISON. We used wireless in 1916. But now you may use the radio to send a message from Washington anywhere; in 1916 you could not do that.

Mr. KELLEY. That is the way I had it in mind.

Admiral ROBISON. I would like to make one exception. There are certain areas of the Indian Ocean that are not covered except under very favorable circumstances. Apart from certain areas of the Indian Ocean there is no place that you can not reach by naval radio.

Mr. KELLEY. Those were constructed during the war?

Admiral ROBISON. I think those improvements were furnished during the war, furnished by other people in many respects. We are trying to keep that which is the key to it, to transmit communications from the Navy Department to the Navy.

Mr. KELLEY. Do you use wireless for communication from navy yard to navy yard?

Admiral ROBISON. We transmit our messages from the east to the west coast by radio. We transmit almost all of our messages from the department to the various naval stations by radio and to the ships. It is for that reason that our present telegraph and cable tolls are less than they were in 1916.

Mr. SISSON. Are they less?

Admiral ROBISON. I believe they are quite materially less.

Mr. SISSON. Do you know what they were prior to the breaking out of the European war?

Admiral ROBISON. I have not those figures. I do not have them, and they are not in my bureau.

Commander NOYES. It has only been since last year that this has been carried as a separate subhead of "Pay, miscellaneous." That is the real reason why the figures are not available. We have the figures available since it has been made a subhead.

Mr. SISSON. There is no way, then, of telling what it did cost?

Commander NOYES. Not that know of, unless supplies and accounts could give an analysis of it.

The CHAIRMAN. Is there some way by which you can give us for the record the amount expended annually, or, say, the amount expended this year and last year, for radio messages chargeable to the

Navy, for telegraph service chargeable to the Navy, and telephone service chargeable to the Navy, separately?

Commander NOYES. Yes, sir; I think we can give them separately.

The CHAIRMAN. Will you put that statement in the record?

Fiscal year 1922.—Pay, miscellaneous, subhead No. 10.

This includes payments for all expenditures under the cognizance of the Navy Department for telephone and telegraph service, such as telephone plant, local calls, long-distance calls, and telegraph tolls at 282 naval activities.

Requisitioned for		$384,852.31
Approved for:		
Telephone—		
Rentals	$140,949.02	
Local calls	38,383.62	
Long-distance calls	22,605.28	
Telegraph	100,325.55	
Total approved		302,263.47
Additional for expenditures during first quarter		5,000.00
To restore efficient service where too drastic cuts have already been made		15,000.00
Total		322,263.47
Previous expenditures:		
Fiscal year—		
1918	$903,790.81	
1919	2,439,115.30	
1920	1,002,079.56	
1921	554,323.85	
1922 (original estimate)	470,000.00	

Commander NOYES. I have not that detailed data for last year. This is the first year that this appropriation has been assigned to the Director of Naval Communications. Previously the data was not kept separately.

The CHAIRMAN. Have you any record of it that is rather complete up to the present time, or, say, for the past six months?

Commander NOYES. Yes, sir; we know what we are doing now.

The CHAIRMAN. For how long back can you furnish that information?

Commander NOYES. We know what the maximum is. These figures that we have given you are the totals of our approved requisitions for the year, which no one is allowed to exceed, by administrative orders.

Mr. KELLEY. For how long have we a lease on these wires?

Commander NOYES. It is an annual rental, and it can be discontinued on 10 days' notice.

The CHAIRMAN. Do you think they can possibly get along without this, or without increasing the telephone bill?

Commander NOYES. No, sir; it has been very carefully considered continuously to determine whether we are saving money by leasing the wires instead of paying tolls.

Mr. KELLEY. I suppose there would be a freer use of leased wires where you are paying so much annual rental, and that they would talk more over such lines than if they were paying tolls.

Commander NOYES. By the order of the Secretary, no one is allowed to use this long-distance service except chiefs and assistant chiefs of bureaus and offices, or by their specific authority.

Mr. KELLEY. They might be perfectly justified in using the leased wire more freely, because it would not cost them any more.

Commander NOYES. We are operating on the same basis as if tolls were being charged, on a daily record.

Mr. SISSON. In other words, just as if you were paying tolls?

The CHAIRMAN. What he is trying to impress us with is this, that if they charged up the number of calls, and made a charge for each individual message, it would be more expensive than it would be to use a leased wire.

Mr. SISSON. Then, it does not matter how many times you use the wire.

Commander NOYES. It would cost no more.

Mr. BYRNS. Under those circumstances, is it any more likely that they would use the wires less for telegraph and telephone messages than they would if they were actually paying for them out of the direct appropriation?

Commander NOYES. There is no danger about the telegraph service, because none but the communication officers of the Navy Department have anything to do with it.

Mr. BYRNS. Do you not think that in the case of a good many of the calls they would use the mails instead of telephone and telegraph service if they were not using a leased wire?

Commander NOYES. I know that the Secretary, the Chief of Operations, and all of the bureau chiefs have made every effort to prevent that sort of thing.

Mr. KELLEY. What is the amount of the rental of the leased wires?

Commander NOYES. Forty-eight thousand dollars a year.

Mr. SISSON. Where are they?

Commander NOYES. There is a telegraph wire from Norfolk to Washington, and one from Washington to Boston, with drops at Philadelphia, New York, Newport, and Portsmouth.

The CHAIRMAN. Can you telephone over those wires?

Commander NOYES. No, sir; those are telegraph wires.

Mr. SISSON. Are there any others?

Commander NOYES. There is a telephone wire from Norfolk to Washington, and a telephone wire from Washington to New York. There were originally four, including one to Philadelphia and two to New York, and we cut out two of them. We had four at the beginning of this year, and we cut out two, leaving two.

The CHAIRMAN. Why not cut out the other two?

Commander NOYES. Because in both cases the traffic would cost more if tolls were paid for the use of commercial lines than it does to rent the wires.

Mr. SISSON. That may be true, but they may be using the wires more than is necessary.

Commander NOYES. The Secretary has made every effort to prevent that. No one can say what would happen if they were cut out.

Mr. SISSON. We might help the Secretary a good deal here.

Commander NOYES. If the traffic can not be any further reduc it would cost that much more money than at present.

Mr. KELLEY. What bureau handles that?

Commander NOYES. The director of naval communications, but that office has nothing to do with the amount of the traffic.

The CHAIRMAN. You think you are justified in asking an increase of $72,000 to be paid out of this appropriation for telephone and telegraph service?

Commander NOYES. Yes, sir.

The CHAIRMAN. You can not get along without it?

Commander NOYES. As far as we can tell; no, sir.

Mr. KELLEY. This is under "Pay, miscellaneous"?

Commander NOYES. Yes, sir.

Mr. KELLEY. How much will be left in the appropriation "Pay, miscellaneous" at the end of the year?

Commander NOYES. We have nothing to do with anything except this one subhead.

Mr. KELLEY. You are anticipating that there will be enough in "Pay, miscellaneous" to allow $72,000 more for this purpose, and I am wondering whether or not that fund is in excess of what you will need.

Admiral POTTER. We will have to make savings somewhere else in order to do that, and that will depend upon activities of the establishment diminishing.

Mr. KELLEY. What office does this work?

Commander NOYES. The office of the Director of Naval Communications.

Mr. KELLEY. This request comes from that office?

Commander NOYES. The request for this amount of money was made to the Secretary, who decided to request that the limitation be raised, in which case he would find the necessary funds from other subheads.

Mr. KELLEY. The Office of Naval Communications made this request of the Secretary?

Admiral POTTER. This subhead is directly under the Chief of Operations.

The CHAIRMAN. I think the Secretary stated that he wanted this done.

Mr. SISSON. It is absolutely sure that the Secretary is consenting and agreeing to it, or it would not be done. We have found that the Secretary of War has put the brakes on pretty tight in such matters, and I would be much more gratified if the practices adopted by Secretary Weeks were more generally observed in all the departments. He has been appearing before another subcommittee on the Army bill, and I congratulated him upon being the one high executive officer who, in all the 16 years of my service here, has had absolute respect for the limitations imposed by law. With him the enforcement and observance of the law as prescribed by Congress is an absolute sine qua non in his department.

Mr. KELLEY. I think it is only fair to say that this limitation was made last year because of what seemed to be an excessive use of funds for this purpose, and it may be that we made it too low.

Mr. SISSON. I see they have exceeded the limit.

Commander NOYES. We have not yet exceeded the limit.

Mr. SISSON. We certainly ought not to grant this appropriation, if that is the case. If that is so we should not increase the limitation.

Commander NOYES. The total limitation has not yet been exceeded.

Mr. SISSON. But at your present rate of expenditure, it will be exceeded before the end of the fiscal year, and I suppose this request was made upon the theory that you will use more money than you have allotted for this purpose.

CARE OF LEPERS, ISLAND OF GUAM.

The CHAIRMAN. For the care of lepers on the island of Guam, you have an estimate of $557.36.

Admiral POTTER. That is not under the Bureau of Supplies and Accounts, but as there seems to be nobody else here to speak for it I'll venture to try to do so. As to this amount of $557.36, the governor's report did not go into any detail. He has been asked for the details. I suppose the over obligation may have occurred because of an unexpected number of sick people. Evidently they have had more than they anticipated, and there is the cost of the transportation of these lepers from Guam to the island of Culion, in the Philippines, where there is a leper colony, to be considered.

The CHAIRMAN. You are not able to give the details of this?

Admiral POTTER. No, sir. I understand the governor has not yet reported them.

PAYMENT TO BRADY AND GICE.

The CHAIRMAN. For payment to Brady and Gice for stevedoring and other charges, etc., you have an estimate of $1,749.55.

Admiral POTTER. During 1919, as an aftermath of the war, this matter arose. We entered into an arrangement with the Shipping Board during the war to deliver us certain vessels, and in turn we agreed to carry certain commercial cargoes for them. In pursuance of that agreement the steamer *Sterling* operated by us was loaded with sugar. The sugar was discharged at Long Island City. The stevedoring charges, through an error, were not paid. The stevedoring charges were actually incurred, but the department was not notified of them until after the amount for the freight received for carrying the sugar was turned into the Treasury as miscellaneous receipts. Otherwise, the stevedoring charges would have been deducted from the freight.

The CHAIRMAN. So that this is really not a new charge

Admiral POTTER. No, sir; it is simply to get it corrected.

Mr. KELLY. There would not have been quite as much freight money turned in if this bill had been presented in time?

Admiral POTTER. No, sir.

PAYMENT TO DONA CONCEPCION CRUZ.

The CHAIRMAN. For payment to Dona Concepcion Cruz, you ask $350.

Admiral POTTER. During the Philippine insurrection, in 1899, there was a casco, which is a lighter without other power than man power, commandeered, and it has never been settled for. The claim has been presented for seven or eight years. The Manila court has decided that it is a just charge, and it has been presented to Congress once or twice before.

The CHAIRMAN. It is a claim?

Admiral POTTER. Yes, sir; it is a claim not yet paid.

The CHAIRMAN. Has it been adjudicated and a judgment obtained for it?

Admiral POTTER. Yes, sir; a judgment was rendered by the court of first instance at Manila. There is a law authorizing them to do so, but that does not give them the money.

Mr. BYRNS. What is a casco?

Admiral POTTER. It is a great big thing like a coal lighter.

The CHAIRMAN. It is like a scow.

Admiral POTTER. Yes, sir, like a scow. The people live in them as the Chinese do, and spend their lives on them.

Mr. SISSON. Is this matter pending in court yet?

Admiral POTTER. No, sir; it has been decided.

The CHAIRMAN. What jurisdiction has that court at Manila to render judgment in such a matter?

Mr. SISSON. That is what I want to find out. Has final judgment been rendered against the Government, or has the Government any appeal to any other court?

Admiral POTTER. No, sir.

Mr. SISSON. It is a final judgment against the Government?

Admiral POTTER. Yes, sir.

Mr. SISSON. Has the amount been passed by the auditor here or the comptroller?

Admiral POTTER. It has not been to the comptroller.

Mr. SISSON. Then, it is not an audited claim?

Admiral POTTER. No, sir.

The CHAIRMAN. This is a judgment rendered by a Philippine court?

Admiral POTTER. Yes, sir. There is a note in regard to it, which I will read:

Section 9 of the act of Congress approved July 1, 1902 (32 Stat. L., 695), provides that "* * * the courts of first instance of the Philippine Islands shall possess and exercise jurisdiction as heretofore provided and such additional jurisdiction as shall hereafter be prescribed by the government of said islands," etc.; and by act No. 535 of the Philippine Commission, approved November 25, 1902, jurisdiction was conferred upon the court of first instance of the city of Manila to hear and determine this class of cases. A judgment rendered by the court, therefore, would appear to be a legal obliagtion against the United States Government.

The CHAIRMAN. Should not this money be taxed against the Philippine revenues instead of against the Federal Government?

Admiral POTTER. This casco was taken possession of by the Federal Government in 1899 when we had a campaign in the Philippines.

Mr. SISSON. That does not answer the question. In other words, you have no right to sue the Federal Government unless the court is authorized to take jurisdiction by act of Congress or unless the claimants are authorized to bring suit in the Court of Claims. Here is a judgment rendered against the United States Government by a court in the Philippine Islands, when our own courts can not render judgment against the United States unless the party is authorized by Congress to bring suit.

Admiral POTTER. Reference is made in this note to an act of Congress approved July 1, 1902.

The CHAIRMAN. That was three years after it happened, and the question is whether it could be made retroactive.

Mr. SISSON. Without more facts in the case, I doubt extremely whether this should be allowed.

BUREAU OF SUPPLIES AND ACCOUNTS.

FREIGHT DEFICIENCY FOR 1921.

The CHAIRMAN. You have some deficiency estimates here for freight?

Admiral POTTER. You will find from the record that the amount asked for in 1921 for freight totaled $9,200,000. The amount allowed, including the deficiency allowed, was $8,500,000. I am informed that at the time the estimate was made they thought it would take at least $9,200,000. That proved to be nearly $200,000 too much, so that the actual deficiency that has been incurred, above the amount allowed by Congress, was $518,500.

The CHAIRMAN. Do you consider that for the class of items enumerated here you have a right to create a deficiency?

Admiral POTTER. That is allowed by law. Do you mean the legal right?

The CHAIRMAN. Yes.

Mr. REED. Yes, sir; section 3732, Revised Statutes, allows the making of contracts by the War and Navy Departments for clothing, subsistence, forage, fuel, quarters, and transportation.

Admiral POTTER. The law covers that.

Mr. SISSON. You have practically the same statute as that which applies to the Army?

Admiral POTTER. Yes, sir.

The CHAIRMAN. This has been gone into carefully?

Admiral POTTER. Yes, sir; there are no wages represented in that. It is for railroad bills.

The CHAIRMAN. It is for transportation.

Admiral POTTER. Yes, sir. It includes the transportation of miscellaneous materials, but it is not for services, except the services of the railroad. It is not for the transportation of men, and it does not involve any wages or labor.

Mr. SISSON. It does not involve the transportation of ordnance supplies or guns?

Admiral POTTER. There are doubtless some ordnance transportation items in there.

The CHAIRMAN. It would not be within the jurisdiction of the department to create a deficiency for that, would it?

Admiral POTTER. That might be a part of the freight under a f. o. b. works contract. There might be some transportation of shell included in it. That, of course, would be a charge against freight. All of the freight of the Naval Establishment is paid for under one appropriation.

Mr. SISSON. Including freight for subsistence and clothing?

Admiral POTTER. Yes, sir.

Mr. SISSON. Do you construe the statute to give you the right to create a deficiency for transportation on things not enumerat the statute?

Admiral POTTER. The appropriation has always been construed to cover the transportation of all sorts of material.

The CHAIRMAN. The law does not give you that authority.

Mr. REED. It does not limit it to supplies or material.

Mr. SISSON. Why should you have the right to buy supplies unless you have the right to transport them? Is that the way you construe it?

Admiral POTTER. Building supplies, for instance, might be absolutely necessary for quarters, and that sort of thing.

The CHAIRMAN. You do not think you would have the right to create a deficiency for that sort of transportation, do you?

Admiral POTTER. That is the way the law has been interpreted.

The CHAIRMAN. If so, I think you have strained it or, perhaps, broken it.

Admiral POTTER. I think we have always kept within the law.

The CHAIRMAN. We are going to insist upon the observance of the law. We want the law literally construed and carried out.

Admiral POTTER. In my 24 years of service in the Navy, I do not think I was ever asked that question before.

The CHAIRMAN. We are not only commencing to ask it now but we are commencing to insist upon it. Of course, we will be justified in allowing deficiencies for whatever the law authorizes you to create a deficiency for, but we do not want to encourage you to create deficiencies even for those things. But, when it comes to things for which the law does not permit you to create a deficiency and, in fact, prohibits you from creating a deficiency, we expect you to live up to the law.

Admiral POTTER. I understand that there have been decisions by the comptroller—I do not mean the present comptroller general, but his predecessors—holding that it was legal to handle this particular appropriation in this way.

Mr. KELLEY. This appropriation for freight has always been unsatisfactory to me, somehow, for the reason that the form of your contract determines whether you shall pay freight or not.

Admiral POTTER. Yes, sir.

Mr. KELLEY. For instance, you can buy a commodity f. o. b. New York or at point of delivery, and you can make the price at that point, which, of course, will include the freight, and pay it out of the appropriation for the commodity itself.

Admiral POTTER. Yes, sir.

Mr. KELLEY. That applies to food supplies, or whatever it may be.

Admiral POTTER. Yes, sir.

Mr. KELLEY. You can buy f. o. b. at the point of manufacture or production, and pay out of this item an additional sum for freight?

Admiral POTTER. Yes, sir.

Mr. SISSON. That is on account of the liberal construction given the provision for the transportation of clothing, subsistence, forage, fuel, etc.

The CHAIRMAN. It covers clothing, subsistence, forage, fuel, etc. Would not that mean the transportation of those things also?

Mr. REED. It covers the transportation of personnel, because you must move the Army and Navy——

The CHAIRMAN (interposing). I presume that personnel might properly come within it.

Admiral POTTER. If I may continue, I think that perhaps what Gov. Kelley had in mind is this: There is some advantage in the Government's making contracts f. o. b. the works in the matter of inspection. In the matter of food, for instance, it is well that we have somebody on the job, say, at Chicago, to superintend the pack. It is greatly to the advantage of the health of the men to have some of our people there. When we do that we get a better price on such things as that where we accept it at the point of shipment, because otherwise they would run the risk of rejection at the yards.

Mr. KELLEY. But, considering it from the appropriating standpoint, you might include the item of freight twice. In the first place, you include it in this item for freight. It may be that you will need a large amount to pay freight on these items from the point of manufacture to the point of delivery, and then when you come to estimate for the items themselves the cost may also be figured at the point of delivery, and there you include the freight twice. It serves to swell the appropriation, and it is susceptible to some abuse.

Admiral POTTER. It would not swell the total appropriation for the Naval Establishment.

Mr. KELLEY. I think it would give quite a leeway of funds, because if you did not know at which place to include it you would be likely to include it at both places.

Admiral POTTER. In the purchase of small items, or where we purchase a great diversity of small items for delivery at different places, it is advantageous to make the price at point of delivery or at the yard.

Mr. KELLEY. When you make the estimates for food, for instance, for the Navy, where do you consider the point of delivery?

Admiral POTTER. It depends upon what the food is. In the case of meats, it will be at Chicago.

Mr. KELLEY. Do you work that out so as to get your aggregate amount?

Admiral POTTER. Yes, sir; to some extent. It is something that varies a great deal. On flour and things like that, we have delivery at the respective yards largely, or at New York, and Hampton Roads.

Mr. KELLEY. That price would include the freight?

Admiral POTTER. Yes, sir.

Mr. KELLEY. But when you work up your freight item, if you are not very careful, you will include it again on the same commodity.

Admiral POTTER. It might happen.

Mr. KELLEY. There ought to be a definite policy running through these appropriations so as to prevent that duplication.

Mr. REED. The original practice came up on account of the saving in making shipments to the west coast over land-grant railroads. There was a decided saving to the Government because of the land-grant rates, which ran practically one-half of the commercial rates.

The CHAIRMAN. They were 20 per cent less, were they not?

Mr. REED. In many cases they were free and in many cases 50 per cent less. There is one stretch of nearly 1,000 miles between Tacoma and San Francisco where it is absolutely free. Then, during the war, for inspection purposes and many other reasons, we bought much more heavily f. o. b., because we did not know where the

material was to go in many cases. The contractors greatly preferred that, and that practice was continued for some time, but during the past 8 or 10 months we have broken away from that to a large extent. We are making very few contracts for delivery f. o. b. the works, unless there is an actual saving involved because of the land-grant rates. We are getting back to the practice we had five or six years ago.

Mr. KELLEY. The form of your contract would determine entirely the sum to be included for freight, and the whole thing is open?

Admiral POTTER. Yes.

The CHAIRMAN. So you do not know when you make up your estimates how you are going to make your contracts?

Admiral POTTER. As I say, we try to lay out for ourselves a rough line, but it is not very complete.

The CHAIRMAN. There ought to be a large saving in this appropriation because of the number of cases where you buy your supplies delivered at point of destination.

Mr. REED. But there are heavy charges now because of the movement of supplies from one point to another in lieu of making purchases.

Mr. KELLEY. How do you ship from one navy yard to another?

Admiral POTTER. We are doing that very largely by vessels.

Mr. KELLEY. And it does not come in as freight?

Admiral POTTER. No, sir. That was not the custom, except in a minor degree, for this $518,000 in 1921. I will touch on that point when we take up 1922.

Mr. SISSON. What is a short analysis of this $518,000?

Admiral POTTER. It is railroad bills.

Mr. SISSON. I know, but what are the principal items?

Admiral POTTER. I could not say, but I can give you a complete list if it will be of interest to you.

Mr. REED. It is the general transportation of naval supplies, food, clothing, and all naval materials.

Admiral POTTER. As well as steel and iron products.

Mr. SISSON. That is what I wanted to know. I am anxious to know whether or not this item is made up chiefly of food and clothing or whether it is made up of every character of freight you are called upon to ship.

Admiral POTTER. I can not say offhand.

Mr. SISSON. Can you put that information in the record?

Admiral POTTER. Yes.

Mr. SISSON. I wish you would put in the record some of the principal items, so that we can tell whether it is made up principally of food and clothing or other items.

Admiral POTTER. Very well, sir.

FREIGHT DEFICIENCY FOR 1922.

The CHAIRMAN. Let us take up the 1922 item.

Admiral POTTER. For the 1922 item we are asking $2,000,000. We were granted in that appropriation $4,000,000, and our estimate was $3,500,000 more; $7,500,000 altogether was asked for, and we were allowed $4,000,000. Up to the end of November we were spending that at a rate of between $600,000 and $700,000 a month. That is

when we were here before. Prior to that—and it did not happen as a consequence of our coming here—we had taken steps to reduce that, and Operations put into effect—effective as of about the 1st of December—radical changes that enabled us to much reduce that rate.

In consequence of that and by holding up freight shipments that had hitherto been sent forward as a matter of course, we were able to cut down the rate so that in December we had a freight rate of less than $200,000 and for January about the same, so that to take it on an average up to and through this month, we actually have a little money left, but by the end of this month, as near as we can say, our average for the year will be about $500,000 a month. Operations gave us space on some ships, so that we send everything posible in that way and as little as possible by commercial carriers.

Mr. KELLEY. If you had done that in the first place you would not have had any deficiency?

Mr. REED. The ships were not available at the beginning of the year.

Admiral POTTER. The Shiping Board placed some at our disposal since the beginning of the year.

The CHAIRMAN. You say your average will be $400,000 a month?

Admiral POTTER. That is, if we are allowed this amount we are now requesting.

The CHAIRMAN. You were allowed $4,000,000, and if your average is only $400,000 a month that would be $4,800,000 for the entire year.

Admiral POTTER. I should have said that the average for the first eight months would run at $500,000 a month.

The CHAIRMAN. During the first eight months?

Admiral POTTER. Yes, sir.

The CHAIRMAN. And the average for the last four months will be how much?

Admiral POTTER. The average for the last four months we think will probably run between $450,000 and $500,000. One might think that we could continue to do as well as we have done during the past month, but we have done well during the past month for two reasons. One reason is that a lot of shipments that ought to be made are just held up, and we have right now nearly 12,000 tons of freight that ought to be in other places, but we can not ship it. Then, in addition, we have been able to transfer some labor charges that are ordinarily chargeable to freight, S. and A., to maintenance, S. and A., because of the fact that we have been working five days a week, as you know, and that has left us some money under maintenance, S. and A. That included money that we made use of, and we think we can properly do it under the law; we thought of that carefully; but that can not continue indefinitely, and we will have to use that for maintenance, S. and A., toward the end of the year. So we feel that the proper charges for freight, S. and A., will run, as near as we can tell, from $450,000 to $500,000.

The CHAIRMAN. Do you include in that all kinds of equipment or just food supplies, clothing, etc.?

Admiral POTTER. That includes everything that is to be shipped: that is, various kinds of equipment. A lot of the stuff that is shipped on these ships is stuff we have received at navy yards; it is not stuff delivered from factory to the ship. We have very little of that. Material comes to a navy yard and is assembled there.

Mr. SISSON. You first said it cost you about $400,000 and then you changed to $500,000?

Admiral POTTER. I should have said $500,000.

Mr. SISSON. That is, $500,000 for the first eight months?

Admiral POTTER. At that average.

Mr. SISSON. That makes $4,000,000, and then about $450,000 or $500,000 for the last four months?

Admiral POTTER. Which makes about $2,000,000 more.

Mr. SISSON. That may be entirely satisfactory, but that statement from $400,000 to $500,000 a month or $450,000 to $500,000 somehow does not mean anything to me.

Admiral POTTER. It is very difficult to tell, Mr. Sisson, accurately, what the freight is going to be. We are making a special effort in that direction now. The President, as you probably know, has charged the Bureau of Supplies and Accounts with the consideration of all the freight bills of the entire Government. That has been done by the President's order via the Director of the Budget.

Mr. SISSON. That is for the purpose of getting better and more uniform rates?

Admiral POTTER. Yes, sir.

Mr. SISSON. Through the shorter routing of freight?

Admiral POTTER. Yes, sir; so that the railroad companies will not start it on the initial route at a lower rate and then throw it into the higher. Then, too, there is the classification which is even more necessary. Commander C. G. Mayo of the Supply Corps of the Navy, has an office near the Bureau of Supplies and Accounts which is supported by a detail of clerks and assistants from each of the other departments of the Government; there are at least 15 different branches represented in it. The work was started the last week in November and a regulation has been made that shipments of two carloads or over must be referred to the Bureau of Supplies and Accounts for routing and classification. We have already handled over 12,000 carloads in a little more than two months and we are just fairly getting started. That includes the classification and routing.

The CHAIRMAN. What is the outcome?

Admiral POTTER. The outcome thus far has been that there is a saving—I do not like that word—but that corresponding amount has not been spent, that is, of at least $300,000 in the different departments.

The CHAIRMAN. You mean it goes against the grain to say that you have made a saving?

Admiral POTTER. No, sir; I mean to say that a saving, to my mind, is taking money and putting it in the bank, and I do not like to speak of saving what we merely have not spent.

Mr. SISSON. Of course, during the first month you practically knew that your freight would be $5,000,000.

Admiral POTTER. Four million dollars. Do you mean the bill that was pased, the appropriation bill?

Mr. SISSON. You say you spent this money at the rate of $500,000 a month?

Admiral POTTER. Yes, sir.

Mr. SISSON. At the end of the first month, that is, after the bills had come in, did you know that it was $500,000 a month?

Admiral POTTER. No, sir; it would not be known until November; we could not know until then, because these bills come in very slowly.

Mr. SISSON. Then you do not know anything about what you are spending for freight from July to November?

Admiral POTTER. That is about it, yes, sir; until the first batch of bills come in from the railroads and get assembled.

Mr. SISSON. What account do you keep of obligations incurred? Do you never know what obligations you have incurred until after the bills have come in?

Mr. REED. We get a copy of every bill of lading that is issued in the field weekly.

Mr. SISSON. You do have that information weekly?

Mr. REED. They come in either weekly or monthly, depending on the number of shipments made.

The CHAIRMAN. The bill of lading shows what the freight rate is, does it not?

Mr. REED. No; it has to be estimated.

Mr. SISSON. Well, at the end of this period you did know that your freight shipments were costing you $500,000?

Admiral POTTER. No, sir; at that time they were running higher; during the first five months they were running at the rate of $700,000.

Mr. SISSON. That certainly should have been a red flag to you and warned you that you were going to exceed the amount appropriated.

Admiral POTTER. Yes, sir.

Mr. SISSON. That being true, some effort should have been made to prevent a deficiency.

Admiral POTTER. We are obliged to ship freight if the policy of the department——

Mr. SISSON (interposing). I am not blaming you, but I am blaming the whole department. I want to begin with the Secretary of the Navy, and I do not care where the responsibility is. Of course, there are certain shipments of material and other things which can wait, and if there was an earnest desire on the part of the department not to create a deficiency such shipments could wait and a deficiency be avoided. It is just a question of the mental attitude of the department. That is not true, of course, as to food, because a man can not wait on food; he can not wait on clothing or heat, but there are many things that can wait, and although such action might result in inconvenience it should have been your policy to hold up the shipment of the things that could wait when you found your freight bills running at a rate of $700,000 a month. That is at the rate of $8,400,000, which is twice the amount of money you had.

Admiral POTTER. Twice the amount, yes, sir.

Mr. SISSON. Then there should have been some effort made to curtail the shipments you really did not have to make.

Admiral POTTER. Of course the whole operating plan of the department would have to be changed to accord, and it has been changed to accord more or less now.

Mr. SISSON. That may be, and it should be done. Nobody has any respect for Congress, not even Congress itself. If it had any respect for itself the law about which the chairman has just spoken would have been enforced a good many years ago, but anybody can kick

the old dog around, so it is Congress. You are now asking for a deficiency of $2,000,000, which is 50 per cent of what you had.

Admiral POTTER. Yes, sir.

Mr. SISSON. And your original estimate in 1922 was $5,000,000.

Mr. REED. That was one of the estimates that was revised by the then Secretary downward.

Mr. SISSON. But it was submitted to us as $5,000,000?

Admiral POTTER. Yes, sir.

Mr. SISSON. There is only one place in the world where I find we have the poorest Navy and the poorest Army, and that is around these tables. We have about the poorest Navy in the world when talking around these tables, but just as soon as you leave the Capitol and get outside it is a great institution. We are never up with any Navy on earth and are never comparable with the other navies of the world until we get in a war with them or until we visit around and brag about our Navy back home.

Mr. KELLEY. Just one question as to policy. Is it at all possible for bureau chiefs to know how much freight expenditure they will be permitted to incur—that is, what proportion of the $4,000,000 would be allocated to the different bureau chiefs so they would know from time to time whether or not they were likely to incur an expense which would run beyond the appropriation?

Admiral POTTER. There is no allocation of this to the different bureau chiefs. The way that is done now, since the 1st of December, is that everything, except medical stores and urgent provision shipments, must be referred to the Bureau of Supplies and Accounts before a shipment is made.

Mr. KELLEY. So you know what the aggregate is?

Admiral POTTER. Yes; we know now.

Mr. KELLEY. But you did not know that before?

Admiral POTTER. That was not the custom prior to Mr. Denby's coming in.

Mr. KELLEY. Had you done that before perhaps this $2,0000,000 might have been reduced.

Admiral POTTER. There is no question but what it would have been very much reduced.

Mr. SISSON. Is this fund one which you can apportion under the law?

Admiral POTTER. This is placed under the administration of the Bureau of Supplies and Accounts.

Mr. SISSON. I understand that, but is it one of those funds which, when appropriated, must be apportioned by months or by quarters?

Admiral POTTER. Every appropriation is laid out roughly upon a 12-months' basis.

Mr. SISSON. You know what I mean. The deficiency law requires that you must apportion your appropriation in order to avoid a deficiency.

Admiral POTTER. Yes, sir.

Mr. SISSON. Now, if you waive that apportionment it must be done in writing by the proper officer of the department?

Admiral POTTER. By the Secretary.

Mr. SISSON. And the reasons therefor must be set forth for the waiver of the apportionment. Was that done in this case?

Admiral POTTER. The labor charges are apportioned throughout the year, but it is impossible to apportion the railroad bills month by month, because they depend upon the shipments.

Mr. SISSON. I believe you stated that they were apportioned.

Mr. REED. As soon as we saw how the expenditures were running in excess the matter was taken up with the Secretary as to whether it would be possible to curtail the movement of supplies and change the policy, and we received directions that under section 3732 of the Revised Statutes we were to continue the movement of freight. That is one of the matters we were just discussing with Mr. Madden, and it was stated that under the rulings of the accounting officer in the past an appropriation for the transportation of supplies can be exceeded under section 3732 of the Revised Statutes.

Mr. SISSON. That may be true, but because an item must be apportioned does not mean you can exceed it, and when you do it must be done in writing and the reasons assigned by the Secretary of the Navy.

The CHAIRMAN. You think that $400,000 a month for the next four months is all you need?

Admiral POTTER. I was suggesting $500,000. If they put those 100 destroyers out of commission that might seem at first blush to help us, and the other ships that Admiral Coontz mentioned this morning, but all of those stores have to be turned in, some have to be shipped, and it is problematical how soon it will be possible to put out some of those ships. Perhaps Admiral Robison has something to say about that.

Admiral ROBISON. I will say that even if you give them a little too much money in freight you will save yourselves many dollars. It is costing me 2 cents extra apiece for fire brick because I have got to pay for the delivery by the makers in Kentucky out to the Pacific coast; I have to buy them f. o. b. Pacific coast, because I have no money for the freight, and the orders are general and because of lack of money in freight we have to buy everything delivered at the point of use. Well, that is costing you and the Nation money; that is all; simply because the freight appropriation is not big enough.

The CHAIRMAN. To what extent does the condition exist that you have just described?

Admiral ROBISON. I think that is the general order.

Admiral POTTER. Yes; it is a general order; there are certain exceptions that are made but in general that is what we have to do.

Admiral ROBISON. That means that the freight in every case has to be paid by the commercial agents and there is no case where the commercial freight can be less than the Government can arrange. The Paymaster General has just described to you the system by which all Government transportation is now being routed and which results in less expensive methods, but we are barred from taking advantage of that simply because of the lack of sufficient funds in the appropriation for freight.

Mr. KELLEY. If the appropriation for freight were made large enough to do what you have said, Admiral, it would mean an immense sum of money for freight, and then, of course, a much smaller sum would have been included for manufacturing costs somewhere else in the bill.

Admiral ROBISON. It would have amounted to the same thing.

Mr. KELLEY. So it amounts to the same thing. My complaint about this the last time, and will be again, was that there is apparently no system in the Navy as to what is included in the item for freight.

Admiral ROBISON. There was a method in vogue a good many years ago by which each bureau had to pay freight out of its operating appropriations; at that time it was directly to the interest of each person charged with any appropriation, the administration of it, to get his freight paid in the cheapest way and to buy his material in such a way that the freight would cost him the least; that condition no longer obtains, but the contrary exists. It is due, perhaps, to a system that we did not know enough to tell you about, and perhaps it is due to too great a subdivision of the naval appropriations. I do not know.

Mr. SISSON. In other words, you want a lump-sum appropriation?

Admiral ROBISON. I did not say that.

Mr. SISSON. You virtually said that.

Admiral ROBINSON. No; I did not.

Mr. SISSON. Well, you want it, do you not?

Admiral ROBISON. No, sir.

Mr. SISSON. I am glad to find one man who admits he does not want it.

CLOTHING AND SMALL STORES FUND.

The CHAIRMAN. The next item is clothing and small stores fund, $40,328,740.42.

Admiral POTTER. I have here a statement of about two pages. Shall I read it?

The CHAIRMAN. Yes.

Admiral POTTER. You referred to a little matter this morning which showed that you had an understanding of what this is. The additional appropriation requested under the clothing and small stores fund, for the purpose of reimbursing the Treasury for the amount advanced in excess of the authorized capital of the clothing and small stores fund for war purchases of articles of uniform and equipment, is made necessary because of reductions in the value of the capital assets of the fund due to unavoidable conditions and circumstances. The deficiencies and the assets of the fund since the 30th of June, 1919, are: Clothing issued as outfits on first enlistment without reimbursement, $5,413,948.46; losses by survey, $429,791.18.

The CHAIRMAN. You mean that that is the reduction in the inventory value?

Admiral POTTER. Yes; the reduction in the inventory value.

The CHAIRMAN. Over the purchase cost?

Admiral POTTER. That first item is the cost of issues authorized to persons on first enlistment.

The CHAIRMAN. But the second item is the reduction in value, is it not?

Mr. REED. Deterioration, losses, and things like that.

Admiral POTTER. The last item is the reduction in values. Losses by inventory and incident to contract cancellations, $3,631,816.38.

The CHAIRMAN. Explain that item.

Admiral POTTER. Of course, during the war, affairs were in full blast. They were buying for 700,000 men, roughly, for a five-year

war, and that meant that many contracts were in full blast. For example, the ordinary textile mill must have two or three weeks—according to the nature of the material—of its work in process, on their looms and on their mules, in order to make it worth while for them to take contracts. The New England mills must allow for at least three weeks work in order to make a contract worth while, and that is the least calculation. I cite that just as an illustration. Now, when a contract was canceled, the war being over, arrangements had to be made so that we could pay them for the losses involved, and that is how that comes about. Losses from sales of surplus stocks, $747,949.74. That is the difference between the price at which they were purchased and the amount obtained for them. Amount realized from sales, $18,024,207.44.

So you see there was a pretty considerable recovery. Now, losses from reduced prices—on account of that act which allowed us to write off the war price to the current market price—$30,105,234.66, which makes a total of $40,328,740.42. The first item of the loss was due to the action of Congress beginning with the appropriation bill for 1921, in providing that clothing issued as outfits on first enlistment should be without reimbursement to the fund. There used to be a separate appropriation for that called "outfits on first enlistment," but Congress does not grant that any more. This resulted in decreasing the total of the appropriation bill for that year by approximately $5,000,000. And the same procedure was followed in the appropriation for 1922 and in the estimates for 1923.

The CHAIRMAN. For a similar amount?

Admiral POTTER. No, sir; not so much; it is about $3,000,000.

Mr. REED. It was estimated that it would be about $3,400,000, but the cessation of first enlistments will probably result in reducing that so that the issue will not be so great.

Admiral POTTER. The losses by survey and by inventory and contract cancellations were incident to the closing up of contracts following the cessation of hostilities and the bringing of stocks and records into agreement after the demobilization. The losses from reduced prices were the result of legislation embodied in the act of March 1, 1921, which authorized and directed the reduction in price of all articles purchased during the war so that the issue price would be in substantial agreement with current market prices. This legislation was mandatory, although it was suggested by and met with the approval of the Navy Department, as it was unreasonable to require enlisted men to pay prices sometimes as high as 50 per cent in excess of current market prices for articles of clothing.

The average loss incurred on stocks on hand was about 35 per cent. Legislation was recommended during the Sixty-Sixth Congress, third session, for the purpose of making good the over obligation under the clothing and small stores fund, but at that time, when it was proposed to increase the fund to the value of the stores on hand March 31, 1921, the requirement that all prices be reduced had not been enacted but was, in fact, a part of the proposed legislative program. Because of the deduction in assets approximating $10,000,000, which had been incurred in addition to the loss in assets incident to the reduction in prices, the enactment at this time of the legisla-

tion previously recommended would not have the result of canceling the indebtedness of the clothing and small stores fund to the Treasury. In other words, the condition has changed from what it was when we suggested this thing a year or so ago.

The CHAIRMAN. Will you explain that again?

Admiral POTTER. We originally suggested that you increase the clothing and small stores fund from its present amount of $42,500,000 to $80,000,000, which represented——

The CHAIRMAN (interposing). Which represented the difference in the original cost and the reduction on account of the inventory and otherwise?

Admiral POTTER. Precisely. We claim that it will no longer work, because there is a diminution in the assets. We are approaching it from another angle.

Mr. KELLEY. The last year's appropriation bill authorized the issue of clothing without expense?

Mr. REED. Yes, sir.

Admiral POTTER. If this $40,000,000 is allowed us its effect is to wipe out an apparent asset of the Treasury. There is no new money taken out of the Treasury.

The CHAIRMAN. You are paying your obligations to the Treasury by legislation?

Admiral POTTER. Yes, sir.

Mr. SISSON. Is it a bookkeeping item?

Admiral POTTER. Yes, sir.

Mr. SISSON. In other words, by virtue of the loss which you have sustained in the amount of money you pay——

Admiral POTTER (interposing). Have paid.

Mr. SISSON. And the amount of money you are authorized to charge against the account.

The CHAIRMAN. You are using the business practice of charging it to profit and loss? These items would tie up $40,000,000 of the current year's appropriation?

Admiral POTTER. Precisely.

Mr. SISSON. And if the general account of advances fell as low as $40,000,000 you would have to stop spending from that fund?

Admiral POTTER. Yes, sir.

In order to cover the losses in assets, which losses have been accumulating since July 1, 1920, it would be necessary to increase the clothing and small stores fund to the value of the stores on hand on the 30th of June, 1920. If, therefore, Congress desires to handle the deficiency and small stores fund without appropriating a specific fund, it is suggested that the following language might serve the purpose:

That the clothing and small stores fund is hereby increased, out of any funds in the Treasury not otherwise appropriated, by an amount equal to the difference between the value of the stock on hand in the clothing and small stores account on June 30, 1920, and the value of the clothing and small stores fund on that date as shown by the annual report of the Bureau of Supplies and Accounts for the fiscal year 1920.

The foregoing legislation will give the clothing and small stores fund approximately the same amount as requested in the estimate which has been submitted to Congress, and if the practice of issuing

outfits on first enlistment without reimbursement is continued the fund will be gradually reduced.

Of course, in the course of years, maybe in 15 years, we will be compelled to have more money in the fund.

The CHAIRMAN. What is the amount of the fund?

Admiral POTTER. A little less than $42,000,000.

Mr. REED. $42,500,000 was the capital of the fund before the inroads started; $40,000,000 has been wiped out.

Mr. SISSON. This item of appropriation does not give you gentlemen a single additional dollar to spend?

Mr. REED. Not beyond that already authorized.

Mr. KELLEY. What is the legal amount of your small stores fund?

Admiral POTTER. $42,500,000.

Mr. KELLEY. The legal amount is $42,500,000, less the issues on account of outfits on first enlistments?

Admiral POTTER. $5,200,000.

Mr. KELLEY. The limit is now about $37,000,000?

Admiral POTTER. Yes, sir.

Mr. KELLEY. How much additional property have you in these stores?

Admiral POTTER. The value of the stores on hand at the present time as we have reduced the price is about $37,000,000.

Mr. KELLEY. You are not above your legal authorization for this fund?

Admiral POTTER. No, sir; but we have $37,000,000 worth of material that we have on hand which represents payments which we have made out of about $77,000,000.

The CHAIRMAN. In other words, you paid out $40,000,000 more than you have actually on hand?

Admiral POTTER. Yes, sir.

The CHAIRMAN. The value of your product is about $40,000,000 less than you paid for it?

Admiral POTTER. About; due to shrinkages.

Mr. KELLEY. Will that authorize you to increase this fund?

Mr. REED. No, sir. That will be taken up on the books of the Treasury to the credit of the clothing and small stores fund and immediately debited. As far as the effect on the Treasury is concerned, there is no difference between a direct appropriation and this.

Mr. KELLEY. What did the Commissioner of the Budget say about the naval supply fund?

Admiral POTTER. We were very much gratified to receive in a way a formal letter in which he approved of the naval supply account fund. Representatives came over from his office, mostly theorists, particularly those who have, perhaps, studied French and German and professional writers on finance, with the usual objections to a revolving fund; but after they were there for a number of days and had gone through two or three accounts in the bureau they said they were convinced that it was an excellent thing.

EXHIBIT A.

[Extract from Report of the Director of the Bureau of the Budget to the President relative to the naval supply account fund.]

The naval supply account fund is a conspicuous example of revolving funds and one as to which (because of intensive study given it) an immediate specific change can be recommended.

This fund is the outgrowth of several acts of Congress, the latest being the act of March 1, 1921 (41 Stat., 1169). It constitutes a "revolving fund" or permanent working capital for procuring and issuing standard supplies, and under the legislative provision last mentioned it stood at a total on June 30, 1921, of $255,476,277.54.

The existence of such fund, in some reasonable amount, is undoubtedly advantageous to the Navy in many ways in permitting supplies to be purchased through one central authority at times of low prices, in eliminating competition through bids by different purchasing agents against each other, in avoiding middlemen's profits, and in preventing waste through deterioration. It also permits a reserve to be created and maintained, particularly of imported materials necessary in the event of war. The fund is kept intact in actual operation by charging against the proper appropriation the cost of supplies as and when issued to ships, etc., and at the same time crediting the fund with the same amount.

The report of Col. John Stephen Sewell to the Bureau of the Budget, prepared after careful study, indicates that if the present inventory of supplies were properly balanced $150,000,000 would be a suitable amount for this fund. The present inventory, however, is not so balanced that each item bears the same proportion to the total of all items in stock as its annual consumption bears to the total consumption of all items. To the extent that the account is used for procurement abroad of standard commercial supplies, he recommends $90,000,000 as a reasonable amounts, and $60,000,000 for the balancing of the inventory and procurement of standard supplies originating in this country, a total of $150,000,000. If this limit were to be placed upon the fund, then in three to five years $100,000,000 would be automatically released and made available for other uses. This reduction would require action by Congress.

EXHIBIT B.

OCTOBER 24, 1921.

From: John Stephen Sewell.
To: The Director of the Bureau of the Budget.
Subject: Navy Accounting System.

1. This subject is one that I have heard discussed from opposing points of view by many people. Some consideration of it has been a necessary part of my work on the naval estimates for 1923.

2. It is admirably designed for the prompt and economic procurement of supplies. From business men I hear nothing but praise for the Navy's methods of transacting business. One of these men is Mr. E. F. Parham, treasurer of the Southern Railway System, who not only has large transactions with the Navy but who also has large transactions with many of the concerns from whom the Navy buys supplies. He states that these men often make occasion to praise the Navy's business methods.

3. So far as their own interior accounting is concerned the Navy system is the best I have seen in any Government department. The annual report of the Paymaster General gives nearly all the information that is contained in the annual report of a well-conducted corporation and gives it in very great detail. A study of this report by a really expert commercial accountant, in cooperation with the ably conducted Bureau of Supplies and Accounts of the Navy, would undoubtedly result in a form of report no more voluminous than those of the Steel Corporation or a great railroad system, which would enable anyone familiar with such reports to get a very accurate bird's-eye view of the operations of the Navy as a whole. The value of this to Congress, to the administration, and to intelligent citizens generally, as well as to the Navy Department, is obvious. The department already has all the data ready for such a report, and I believe it is a safe guess that it is unique in this respect.

4. The Navy has no administrative audit of its own; in this matter also it is unfortunately unique. This is the one great weakness of its system. The audit of Navy accounts in the Treasury Department is three years behind. The Navy's general account of advances is an admirable plan for the efficient conduct of business with a minimum amount of money in the hands of disbursing officers (including their current balances at depositories); but unless the audit is absolutely kept up to date, it is found to result in unexpected deficits (and some unexpected unexpended balances) to some extent. This situation is the real cause of all valid criticisms leveled against the Navy accounting; but,

singularly enough, the trouble is generally laid at the door of the naval supply account, which is not a factor in the situation at all.

5. Attached is a letter from the clerk of the Committee on Appropriations of the House of Representatives, which is very illuminating and pertinent in this connection.

6. I recommend that the Navy be authorized and required to establish and maintain an administrative audit of its own and to keep it up to date. Legislation will be necessary; it will also require an additional appropriation under the legislative, executive, and judicial bil, but ought to effect some saving in the office of the Auditor of the Treasury for the Navy Department.

Mr. KELLEY. Did they think the fund was too large?

Admiral POTTER. The naval supply account fund?

Mr. KELLEY. Yes, sir.

Admiral POTTER. Yes, sir. They thought it was about $100,000,000 too large, but that is what we thought ourselves.

Mr. KELLEY. How do you propose to get rid of that?

Admiral POTTER. The proposal which the Navy Department has made is that we select $150,000,000 worth of good, live stock and then sell as rapidly as we can this other $100,000,000. We hope to recover, if we are lucky, possibly $30,000,000 and turn that back into the Treasury. We have not authority of law to do that yet, but that is our own proposal.

The CHAIRMAN. I have a question in my mind how to do it. It may not be practicable, I do not know, but I would try to do it if it were me. You have $250,000,000 of supplies on hand?

Admiral POTTER. Yes, sir.

The CHAIRMAN. We are appropriating for the conduct of the Navy. Let us assume that you use $100,000,000 of supplies a year.

Admiral POTTER. $72,000,000.

The CHAIRMAN. Whatever you say. Instead of appropriating $72,000,000 for the use of the Navy we deduct that amount from your appropriation and compel you to use the supplies you have on hand instead of $72,000,000 in cash. That would only make use of supplies at the price they are worth instead of selling them at 30 per cent.

Admiral POTTER. One answer to that is that there is an enormous quantity of this stock that the bureaus, I assume, will never use; at least $100,000,000 worth that the bureaus will never use at all. You would exhaust their appropriations, so far as they were available for the purpose, and we would not be able to renew a balanced stock.

Mr. KELLEY. We might allow them to sell the surplus stock?

Admiral POTTER. We have that authority now.

The CHAIRMAN. If they could use the stock, they could get a better price.

Admiral POTTER. We have sold over $100,000,000 worth.

Mr. KELLEY. What is the annual consumption of the clothing and small stores fund?

Mr. REED. It was $12,000,000 in 1921, but it has dropped off considerably. We do not estimate that it will be more than $7,500,000.

Mr. KELLEY. In this fund you have a tremendous amount of surplus stock. Why do you not apply to some——

Admiral POTTER (interposing). This stock can not be sold, because the outer uniform can not be worn. While the overcoats are an essential part of the uniform, we have been cutting the buttons off and have been able to dispose of them.

The CHAIRMAN. Overcoats already made?

Admiral POTTER. Yes, sir.

Mr. REED. Under the national defense act the uniform can not be worn by anyone in civilian life.

The CHAIRMAN. It seems to me that all of this stock that you know definitely can not be sold or never can be used should be written off.

Admiral POTTER. We have written it down to the market price, which is all the law allows. We will be issuing material from this stock for seven years.

The CHAIRMAN. Are you able to take good care of that stuff, so that it is not deteriorating?

Admiral POTTER. At the naval supply depot, in Brooklyn, we have a good building, a dry building, that was specially built for storage. We have a special force assigned there. I was through it several months ago.

Mr. SISSON. If it was to be kept on hand, you could issue it as you needed it?

Admiral POTTER. That is what we are doing.

Mr. KELLEY. If we had this legislation you suggest, you would increase the fund from $37,000,000 to $77,000,000, but might it not mean the tying up in the Treasury of that sum of money?

Mr. REED. We owe to the Treasury now $40,000,000 in excess of the clothing fund, and only by the disposition of stock could reimbursement be accomplished. This legislation would make an appropriation to the fund of approximately $40,000,000, and the Treasury would then immediately adjust the indebtedness. We have only $37,000,000 of stock on hand.

Mr. KELLEY. What this would do would be to make it possible to utilize the current appropriation?

Mr. REED. And cancel our indebtedness.

Mr. SISSON. How do you arrive at this deficit?

Admiral POTTER. This is an accumulated record of the bills that we have paid.

Mr. REED. The difference between the assets and the payments.

Mr. SISSON. And you need certain assets on hand?

Mr. REED. Yes, sir.

Mr. SISSON. Your inventory to a certain extent is on goods bought at a higher price?

Mr. REED. That is now adjusted to the current market price.

Mr. SISSON. You just took your original cost prices and wrote them down to the current market prices?

Mr. REED. Yes, sir.

Mr. SISSON. And that shows this difference?

Mr. REED. Yes, sir.

The CHAIRMAN. You have reduced by bookkeeping the things that cost you $77,000,000 to $37,000,000?

Mr. REED. Yes, sir; that is right.

EXHIBIT C.

FEBRUARY 21, 1922.

MY DEAR MR. CHAIRMAN: During the discussion of the proposed legislation for canceling the Navy's indebtedness to the Treasury on account of articles of uniform and equipment purchased for war purposes in excess of the authorized capital of the clothing and small-stores fund, it developed that there was some doubt as to whether or not the language suggested permanently increased the authorized capital of the clothing and small-stores fund.

Because of the reduction in the value of assets in the clothing and small-stores account, due to issues of outfits on first enlistment without reimbursement, reductions in prices as authorized and directed by the Congress, and other reasons as detailed to the committee, there would be no actual increase in the authorized capital of the clothing and small-stores fund. However, in order that there may be no doubt that such is the case a slight modification in the language of the legislation is proposed so as to specifically provide that the authorized capital of the fund is not increased. Two drafts of legislation are transmitted herewith, either of which will accomplish the object desired and either of which is equally acceptable to the Navy Department.

I am endeavoring to get an expression of opinion from the Comptroller General of the United States or his assistant as to the language of the proposed legislation, but in order to avoid delay the drafts are transmitted at this time. I shall inform you later as to the result of the conference with the Comptroller General or his respresentative.

Respectfully,

DAVID POTTER,
Paymaster General of the Navy.

Hon. MARTIN B. MADDEN,
Chairman Committee on Appropriations,
House of Representatives, Washington, D. C.

That the clothing and small stores fund is hereby increased, out of any funds in the Treasury not otherwise appropriated, in the sum of $40,328,740.42 to permit the reimbursement of the Treasury of the United States for the amount advanced in excess of the authorized capital of the clothing and small stores fund for war purchases of articles of uniform and equipment for the enlisted personnel of the Navy; and when such reimbursement has been effected, the authorized capital of the clothing and small stores fund shall be reduced by the amount of the increase herein authorized.

That the clothing and small stores fund is hereby increased, out of any funds in the Treasury not otherwise appropriated, by an amount equal to the difference between the value of the stock on hand in the clothing and small stores account on June 30, 1920, and the value of the clothing and small stores fund on that date as shown by the annual report of the Bureau of Supplies and Accounts for the fiscal year 1920, to permit the reimbursement of the Treasury of the United States for the amount advanced in excess of the authorized capital of the clothing and small stores fund for war purchases of articles of uniform and equipment for the enlisted personnel of the Navy; and when such reimbursement has been effected, the authorized capital of the clothing and small stores fund shall be reduced by the amount of the increase herein authorized.

BUREAU OF NAVIGATION.

TRANSPORTATION AND RECRUITING, 1921.

The CHAIRMAN. For transportation and recruiting, you have a deficiency estimate for 1921 of $2,666,466.45, and for 1922 of $2,117,314.67. Will you be kind enough to go into the item for 1921 and give us the details of it?

Capt. WILLIAMS. With reference to the deficiency item for 1921, which is $2,666,466.45, the estimate originally submitted on this account was $5,860,000. This was found to be too small, and a subsequent estimate of $8,495,000 was submitted, or, at least, the bureau asked the department for that amount, and that estimate was cut first to $5,000,000 and then to $3,500,000, or that was the sum appropriated.

Mr. KELLEY. Which estimate are you talking about now?

Capt. WILLIAMS. For 1921. Later there was a deficiency appropriation of $1,500,000. The bureau reported that the sum I have stated would be insufficient. The Bureau of Supplies and Accounts reported a total expenditure for 1921 of $7,666,466.65, which shows the difference requested. Now, the amount appropriated was $3,500,000, and it was thoroughly understood at that time that it would be inadequate for transportation and the cash mileage for the number of men authorized by Congress at that time, or 120,000 men. In August, 1920, which comes within the scope of this appropriation. railroad fares were increased 20 per cent, and there was an additional surcharge of 50 per cent on Pullman fares. Now, the increased cost of mileage was due to a large extent to moving the large forces with ships to the Pacific coast, because those ships were largely manned by men living east of the Mississippi River. All of this serves to increase the average cost of the men discharged, and the cost of each man discharged has been increased from $38 in the fiscal year 1920 to about $63 for the fiscal year 1920–21.

COST OF TRANSPORTATION FOR DISCHARGED MEN.

Mr. KELLEY. I do not understand how that can be possible, because you did not say anything about that last year. You figured your appropriation for this purpose upon the basis of $38 last summer.

Capt. WILLIAMS. A new average was made up later. The $38 average did not include many men being shipped halfway across the continent.

Mr. KELLEY. You are figuring on an average of 1,300 miles for each man, at 5 cents per mile.

Capt. WILLIAMS. That is what it has turned out to be.

Mr. KELLEY. Why does it happen to be so much greater than the year before?

Capt. WILLIAMS. It is due to the presence of so many men on the Pacific coast and to the fact that most of those men were moved suddenly with the ships that were going, instead of having the ships manned by men who were enlisted on the Pacific coast.

Mr. KELLEY. That might happen once.

Capt. WILLIAMS. That is what did happen.

Mr. KELLEY. But that will not happen for the rest of the year.

Capt. WILLIAMS. Perhaps not, but I think it is too fine a calculation to determine that there will be no change as long as we have ships on both coasts.

Mr. KELLEY. How much money is left in the fund?

Capt. WILLIAMS. There is nothing left in the appropriation for 1921.

Mr. KELLEY. I mean for this current year.

Capt. WILLIAMS. Nothing.

Mr. KELLEY. You are entirely out of money?

Capt. WILLIAMS. Yes, sir. The history of these estimates for transportation, as far back as I have traced them, or for several years, is that the estimates are singularly correct. Taking the number of men discharged and multiplying that number by the average payment for discharged men produces an estimate which in past years has proved to be singularly accurate.

Mr. KELLEY. The thing that bothers me is that when you were here not so very long ago you based your estimate on an average cost of $38, and $63 is a terrible increase over $38. We gave you what was figured out to be the amount required upon the basis of $38 per man, and now all of a sudden your experience is so vastly different from that that it is almost startling. The cost used to be $25 per man under the old railroad rates, but on account of the increase in railroad rates and Pullman fares the amount was increased to $38. Now you propose to double the cost.

Capt. WILLIAMS. There was a 20 per cent increase in railroad rates

Mr. KELLEY. That brought it up to $38.

Capt. WILLIAMS. As a matter of fact, these averages are the merest guesswork.

Mr. KELLEY. I can well imagine that if you took a lot of boys out on the Pacific coast and discharged them at San Francisco, a great many of them might live on the Atlantic coast, and that might happen once, but it does not seem reasonable to suppose that such a thing would happen right along.

Capt. WILLIAMS. Perhaps not.

Mr. KELLEY. Is there not some way to reduce this cost?

Capt. WILLIAMS. No, sir; this expenditure has already taken place for 1921.

Mr. KELLEY. I was talking about the present year and you were talking about a deficiency for the former year. We were talking somewhat at cross purposes.

Capt. WILLIAMS. This expenditure has already been made, and it figures out $63.

Mr. KELLEY. Did you have any money left at the end of the fiscal year 1921?

Capt. WILLIAMS. No, sir; and we knew we would not have when we started. We estimated for $8,495,000.

Mr. KELLEY. You were given another $1,500,000 as a deficiency.

Capt. WILLIAMS. We are counting that in. We knew that we would have to have that deficiency when the appropriation was made.

Mr. KELLEY. That estimate was not figured upon the basis of $63 per man?

Capt. WILLIAMS. No, sir; that was figured upon the basis of $38 per man. Our estimate was first cut to $5,000,000 by the department and then to $3,500,000 by the committee.

Mr. KELLEY. If we had given you all that you thought you ought to have for 1921, on the basis of $38 per man, would you have had enough?

Capt. WILLIAMS. Perhaps so. I have not figured it up.

Mr. KELLEY. How do you get this $63 per man?

Capt. WILLIAMS. In the meanwhile every possible economy has been practiced and we have stopped shipping men who are to be shipped to the west coast, and are sending them by way of Panama.

Mr. KELLEY. You say you wanted $8,495,000 upon the basis of a cost of $38 per man.

Capt. WILLIAMS. That was cut to $5,000,000 and then to $3,500,000.

Mr. KELLEY. You had a deficiency of $1,500,000, which brought the appropriation up to $5,000,000, and that was on the basis of a cost of $38 per man. Now you come in for a deficiency of $2,666,-

466.45, which represents your original calculation on the basis of $38 per man.

Capt. WILLIAMS. It is less than that by $1,000,000.

Mr. KELLEY. It is less than the original calculation on the basis of $38 per man?

Capt. WILLIAMS. Yes, sir.

Mr. KELLEY. How do you figure that it will cost $63? It seems to me that the deficiency would be many million dollars more than you have estimated here if you calculated it on the basis of $63 per man.

Capt. WILLIAMS. I think you put more faith in these averages than you ought to. If you take the movement of men under every possible condition, and produce an average from that, your average is not very good. Now, when you add to that an increase of 20 per cent in railroad rates and 50 per cent in Pullman fares——

Mr. KELLEY (interposing). But you must not add that twice. That was added when it was $25. We used to figure this item upon the basis of $25 per man, and it was raised to $38 per man on account of the increase in railroad and Pullman rates. It looks to me as though you had a mistake in your figures.

Capt. WILLIAMS. In the first place, I believe you think that $38 is a reliable average, but deficiencies were produced under that $38 average.

Mr. KELLEY. That was your figure. You stated that you figured your estimate of $8,495,000 upon that basis.

Capt. WILLIAMS. This average of $63 is an average which has been brought up very carefully, running along from day to day, with much more traffic data than we had before. As these averages are produced they become more reliable, but I do not think that in the long run they are reliable, because with hundreds of thousands of men going on trips of any length, under any sort of circumstances, the average means little or nothing.

Mr. KELLEY. In the main, where were the boys on the ships now in the Pacific enlisted?

Capt. WILLIAMS. A majority enlisted east of the Mississippi, but we took all that we could get from States near the Pacific coast.

Mr. KELLEY. Most of them are taken from the Pacific coast, are they not?

Commander PORTERFIELD. We enlist men according to the population of the different States, and nearly every man with the Pacific Fleet comes from east of the Mississippi.

Mr. KELLEY. What do you do with the men who enlist west of the Mississippi?

Commander PORTERFIELD. The population of the States west of the Mississippi is very much smaller than the population east of the Mississippi. There is not much population out there outside of California.

Mr. KELLEY. What proportion of the men in the Navy enlisted from west of the Mississippi?

Commander PORTERFIELD. I can not tell you offhand, but we enlist them in accordance with the population of the country.

Mr. KELLEY. Do you know what percentage of men with the Pacific Fleet came from east of the Mississippi?

Commander PORTERFIELD. No, sir. We find the average number of miles to be traveled by the men susceptible to discharge to be 1,300.

Mr. KELLEY. That condition is very different from what it will be in the future. You took those ships from the Atlantic ocean, when they had been recruited largely from this eastern territory, and took them around to the Pacific. You discharged men at San Francisco and, of course, you must pay their railroad fare from San Francisco to New York, or to the place of enlistment; but you are not doing that now, are you?

Commander PORTERFIELD. Yes, sir; the Pacific Fleet is largely manned by men recruited east of the Mississippi.

Mr. KELLEY. What do you know about that, or what is the actual fact about it?

Commander PORTERFIELD. The actual fact is that we have recruited those men largely from the Eastern States.

Mr. KELLEY. You assign them to ships nearest the place of recruiting, do you not?

Capt. WILLIAMS. I do not believe you would save any money if you recruited everyone of them at San Francisco.

Mr. KELLEY. You would make a saving in this fund.

Capt. WILLIAMS. You would here, but you would lose it on training.

Mr. KELLEY. We are talking about this particular item of transportation, and I imagine that the Secretary, wherever he could, would put men on ships nearest the place where they were trained.

Capt. WILLIAMS. We do not move them when we get them there.

Mr. KELLEY. You have had to move them to the Pacific Fleet?

Capt. WILLIAMS. Yes, sir.

Mr. KELLEY. The enlisted men that Commander Porterfield was figuring on were enlisted on the Atlantic coast and taken over to the Pacific coast, and you are trying to establish an average that is based upon that condition, which was abnormal and not likely to occur again.

Capt. WILLIAMS. There is a condition that will exist as long as we have a fleet out there. Since the population is more dense on the Atlantic coast the enlistments from there are liable to be greater than from the Pacific coast. I think that condition will always exist as long as we have a fleet in the Pacific.

The CHAIRMAN. In other words, most of your men must come from east of the Mississippi?

Capt. WILLIAMS. Yes, sir. I think that most of the men in the Navy will come from the thickly populated States.

The CHAIRMAN. As I understand it, this average cost used to be $25 per man. Then there was an increase of 50 per cent, which brought it up to $38 per man, and then an increase of about 60 per cent more than that will be required to bring it up to $63. Therefore we have had increases of 50 and 60 per cent, aggregating 110 per cent, in the cost of transportation of the men who have been discharged from the service. I am rather anxious to see how you can reconcile that.

Capt. WILLIAMS. These figures of $25, $38.12, and $62.68 are arrived at by dividing the total sum expended at any given time in any given year by the number of men discharged, thus averaging the amount of money for transportation of those men to their homes. That is done under several circumstances, but principally under the

5 cents per mile proposition. That average, of course, depends on a great many things. It varies with the average distance that they travel. For example, it might be conceivable that during one year 75 per cent of those men would come from long distances, and under those circumstances the expense would be larger. It also varies with the location of the ships.

Let us suppose, for instance, that in one year all of the enlistments take place in the Middle West and that at the time these men are discharged the ships are at Key West. The department would try to cut down that transportation in every way possible, and that average is a very rough basis upon which we have to make our estimates. Now, as to those two estimates of cost per man, namely, $38.12 and $62.68, the actual figures are as follows: For the fiscal year ended June 30, 1920, Supplies and Accounts reported cash mileage to the amount of $4,373,487. We discharged during that time 114,522 men, who received mileage. Dividing one by the other we got that amount of $38.12. For the fiscal year ended June 30, 1921, which is the last we have had, Supplies and Accounts reported that the cash mileage amounted to $2,619,508, and that we had discharged 41,792 men who received that mileage. Dividing the sum by the number of persons we got that average of $62.68.

NUMBER OF MEN DISCHARGED.

Mr. KELLEY. How many men did you say were discharged?

Capt. WILLIAMS. Forty-one thousand seven hundred and ninety-two, who received the mileage.

Mr. BYRNS. How many were discharged in 1920?

Capt. WILLIAMS. One hundred and fourteen thousand five hundred and twenty-two. The demobilization was not quite finished then. That shows the average upon which we have to make our estimates for the year. It is something that must of necessity vary widely. To argue why one is $38 and the other $62 we must take into consideration a great many reasons that would have to be accurately probed.

The CHAIRMAN. Taking an extreme case, I was wondering whether, if you were going to send a squadron of ships to China, you would make a survey of the periods of uncompleted service of the men, and whether you would transfer the men whose periods of service would expire during that time to ships at home, instead of sending them to China and discharging them in China.

Capt. WILLIAMS. That is always done, and whenever a ship leaves for the Pacific coast we send newly enlisted men from the East to the Pacific coast, and whenever a ship of any sort or character, whether a cargo ship or a man-of-war, comes from the Pacific coast, we bring back men who are entitled to be discharged on the east coast. That economy and oversight has been extreme in the last year or two. While this appropriation is called transportation and recruiting, 90 per cent of it is transportation. The shipping of men, discharging of men, and changes in the total number of men have always borne a direct relationship to this appropriation.

Mr. KELLEY. You say that you did not discharge more than about 41,000 men in 1921?

Capt. WILLIAMS. That is true. In the fiscal year 1921 we discharged only 41,000 who received this mileage.

Mr. KELLEY. You are sure there is no mistake in that figure? I ask that because it seems to me that the Navy ran down from about 170,000 men.

Capt. WILLIAMS. No, sir; 1921 was the year ending last July, and that was the year that we had an appropriation which covered an average of 120,000 men.

Mr. KELLEY. I know what the appropriation was, but you had to discharge a large number of men in order to bring them down to the average of 120,000.

Capt. WILLIAMS. I think that in January, 1921, we recruited up to something like 136,000 men. We then cut them off rapidly.

Mr. KELLEY. I wish you would verify that figure.

Capt. WILLIAMS. I will do so, but I do not think there is any error in it.

The CHAIRMAN. The fact remains that you have a shortage of $2,666,466.45 for 1921.

Capt. WILLIAMS. Yes, sir; that is an actual shortage.

TRANSPORTATION AND RECRUITING, 1922.

The CHAIRMAN. Tell us about the deficiency for 1922.

Mr. KELLEY. I wish you would go over the amount needed for transportation per man, including those who are discharged for reasons other than the expiration of their enlistments.

Capt. WILLIAMS. For 1922?

Mr. KELLEY. Yes; for both years.

Capt. WILLIAMS. Those discharged for 1921 were composed as follows: Honorable discharges, 21,213; dishonorable discharges, 620; for inaptitude, 4,156; special-order discharges, 7,960; on medical survey, under honorable conditions, 3,643; and transferred to the Naval Reserves, 537, making a total of 42,329.

Mr. KELLEY. You figure all of those on the basis of $63?

TRANSPORTATION OF DEPENDENTS OF OFFICERS AND ENLISTED MEN.

Capt. WILLIAMS. Yes, sir; for transportation of dependents there is an item of $67,569. Those are the details of the 1921 estimate. There are 54,517 first enlistments, at $53.80 each——

Mr. KELLEY (interposing). How do you get that $53.80?

Capt. WILLIAMS. That was the average cost of enlistments. That is a different thing from the discharges.

Mr. KELLEY. That is the average cost of bringing a man from the place of enlistment to the training station?

Capt. WILLIAMS. Yes, sir.

Mr. KELLEY. Practically all of them were brought to the coast, were they not, or to one coast or the other? You did not have much training at Chicago, did you?

Capt. WILLIAMS. We closed down Chicago only a few months ago.

Mr. KELLEY. You had a few hundred men there.

Capt. WILLIAMS. There were 16,231 reenlistments, at $38 each. This estimate is arrived at by taking the actual number of men in May and June, 1921, and multiplying the same number by six.

The CHAIRMAN. You said something about dependents there—what does that mean?

Capt. WILLIAMS. That is under the act of May 18, 1920, which allows us to transport dependents of enlisted men whose station changes, let us say, from New York to San Francisco.

The CHAIRMAN. Is that included in the $63?

Capt. WILLIAMS. No, sir; that is a different thing.

The CHAIRMAN. How much does the transportation of dependents amount to?

Capt. WILLIAMS. For the whole Navy, $67,000.

The CHAIRMAN. Is that for the dependents of officers and men?

Capt. WILLIAMS. For dependents of the men alone. The expenditures were $7,666,466, and the appropriation was $5,000,000; therefore, the deficiency is $2,266,466.

Mr. KELLEY. I suppose that is a matter of exact calculation, and that there is that much shortage for that fiscal year?

Capt. WILLIAMS. Yes, sir; with the exception that in all the cases there are sometimes scattering bills that come in from outlying corners of the world which can not be foreseen and for which we can not keep the account open for a long time. They are rarely lost, but they may turn up some time later.

Mr. KELLEY. The railroad companies have not yet been paid for this service?

Capt. WILLIAMS. No, sir.

Mr. KELLEY. That is quite a long ways behind, six months behind. How long have these bills been in your hands?

Capt. WILLIAMS. We have nothing to do with that, sir. Some of those bills are unpaid for months, I think.

Commander PORTERFIELD. These bills are paid; that deficiency bill has been paid.

Mr. KELLEY. The deficiency bill has been paid?

Commander PORTERFIELD. Yes, sir.

Mr. KELLEY. Out of what funds can you pay that?

Commander PORTERFIELD. That was paid out of transportation and recruiting, sir.

Mr. KELLEY. That was paid out of this year's appropriation?

Commander PORTERFIELD. I do not know how supplies and accounts paid it.

Admiral POTTER. Some of these bills were paid out of general account of advances, but some of the bills have not yet been paid because they are waiting for audit. We are not deliberately holding up these bills; but there are some of them that we throw back on the railroad companies because they are not satisfactory. Those that are paid were paid from general account of advances.

TRANSPORTATION AND RECRUITING, 1922.

The CHAIRMAN. What about the 1922 item? That is only an estimate?

Capt. WILLIAMS. Yes, sir.

The CHAIRMAN. How much of that do you expect to use?

Capt. WILLIAMS. $2,117,314.67. That is subject to the same conditions I tried to describe before. We had an appropriation for transportation and recruiting of $3,500,000, and our necessary expendi-

tures for the fiscal year we estimate to be $5,617,000, which leaves us needing $2,117,314.67. The estimate of $5,617,000 was arrived at as follows: 34,603 men honorably discharged at $63 each, based on a distance of approximately 1,300 miles at 5 cents per mile; 15,775 discharges under honorable conditions prior to expiration of enlistment at $63 per man; 220 discharges by reason of medical survey at $63; 23,530 reenlistments at $31 each.

Mr. KELLEY. How do you arrive at that figure of $31?

Commander PORTERFIELD. That represents 68 per cent of 34,603 honorable discharges.

Mr. KELLEY. That proves the number of reenlistments, 23,530; but how do you get the $31?

Commander PORTERFIELD. The figure of $53.83, which was mentioned awhile ago as the cost of the transportation of a recruit, was the cost from the recruiting station to the training station and to the ship, but now we send a man direct to the ship at a cost of $31.

Capt. WILLIAMS. The $53.83 is in the next item.

Mr. KELLEY. The man whose term of enlistment expires has his transportation paid home?

Commander PORTERFIELD. Yes, sir; at 5 cents a mile; he gets that cash allowance.

The CHAIRMAN. And if he reenlists you send him direct to the ship?

Commander PORTERFIELD. We send him to the nearest receiving ship.

Mr. KELLEY. But since you have all of this training on the seacoast, that would not make any difference. It would make a difference if you first sent a lot of boys from Michigan to Chicago and then from Chicago to the Atlantic seaboard, but that is not being done now; you are sending everybody to a training station on the coast.

Capt. WILLIAMS. On the first enlistment, but suppose the first enlistment takes place in Chicago? We have got to get him to the seacoast.

Mr. KELLEY. But when you reenlist them you send them from the seacoast to the ship, and it would not be any farther to send them from their homes to the Hampton Roads training station and then to the ship. It is the same thing, except that you include one at $31 and the other at $63.

Commander PORTERFIELD. We have it worked out in detail. We took the actual number of men for a whole month.

Mr. KELLEY. I have no doubt but that you have arrived at the figures from certain computations, but my fear is that you have selected an unusual month, or an unusual year, to get them.

Capt. WILLIAMS. Our year is 1921, the last year we have.

The CHAIRMAN. Let me ask you this question: When you once establish a figure, whether it be $63 or $31, do you always make your calculations on that basis?

Capt. WILLIAMS. No, sir.

The CHAIRMAN. Do you ever recede from it?

Capt. WILLIAMS. Yes, sir. I will tell you about that figure. It is only in the last few years that these calculations could be made. This appropriation, for very many years, has been an appropriation on which it was impossible to figure in advance, and consequently a

deficiency has been allowed. Then we started figuring on this average, and I think we did the best we could. We took what years we had, but no two years are alike. It is only since the war that these averages have been used, and no two years since 1917 have been alike. The conditions of travel, the conditions of discharge, and all that sort of thing are radically different. As time goes on perhaps we may eventually arrive at something that will be somewhere near it, but I doubt it.

Mr. KELLEY. If $3 will bring back an enlisted man for his reenlistment, I do not see how it takes $63 to send him home.

Capt. WILLIAMS. His actual expenses.

Mr. KELLEY. As long as your training stations are all on the coast.

Commander PORTERFIELD. If we enlist men east of the Mississippi we naturally send them to a seacoast port, because it is a shorter distance; but where a man is discharged from a big fleet, out in the Pacific, we have to pay his way east. In this case we would not send him to the west coast; if he were enlisted east of the Mississippi we would send him by the shortest route to the nearest receiving ship.

Mr. KELLEY. Let us go ahead.

Capt. WILLIAMS. The next item is 3,900 first enlistments at $53.83 each.

Mr. KELLEY. That is because they have to go to a training station first, although the training stations are all on the coast, and step from the training station right onto the ship?

Capt. WILLIAMS. No; they do not step from the training station aboard ship.

Mr. KELLEY. Well, very near it.

Capt. WILLIAMS. A good many of them have to go by rail. These men may be at Newport and the fleet may be at Hampton Roads, and there may not be time enough to send them by water; we try to do that and usually we succeed. But that is what makes these averages so eccentric, the fact that these general assumptions are not based on the conditions as they actually exist. Suppose you wanted these men right away and some of these places were frozen up and you could not get them out except by rail?

Mr. KELLEY. The number would be negligible, would it not?

Capt. WILLIAMS. In some years it is and in some years it is not.

Mr. KELLEY. I should think you would take the boys out of the Hampton Roads station and put them on ship and then send them around.

Capt. WILLIAMS. We will when we get it standardized; but we have practically closed the Newport station and we have transferred many of those to Hampton Roads, but conditions are not standardized and have not yet settled down.

The CHAIRMAN. You have not made any new first enlistments since November 30?

Capt. WILLIAMS. No, sir; none at all.

The CHAIRMAN. Then, of course, you would know how many first enlistments you had up to that time, would you not?

Capt. WILLIAMS. Our bookkeeping with regard to enlistments is extremely accurate.

The CHAIRMAN. And you ought to be able to definitely determine what the cost is.

Commander PORTERFIELD. I can possibly add something. When we made that estimate of $31 we figured that Chicago would be going full blast, the Great Lakes station, and I think that figure could now be reduced.

Mr. KELLEY. You say that figure will be reduced?

Commander PORTERFIELD. That $21 from the training stations to the ships.

Mr. KELLEY. But you have not reached that yet.

Commander PORTERFIELD. That is a part of the $53.83.

Mr. KELLEY. That is the item further down?

Commander PORTERFIELD. Yes, sir.

The CHAIRMAN. That would be $21 off of $53.83?

Commander PORTERFIELD. Yes; and that accounts for the average they have worked out.

The CHAIRMAN. It seems to me, with the fact existing that you have not been authorized to make first enlistments since the 30th of November of last year, that you should know definitely how many first enlistments were made up to that time, and that ought to give you definite figures as to the cost.

Commander PORTERFIELD. That is it, exactly. We have completed the enlistments we have here; these are the ones that have actually taken place, and there will be no more during this fiscal year.

Capt. WILLIAMS. There is only one error that creeps in there, and that is the fact that in dealing with personnel figures you have got to take an absolute date, not only the day but the hour, otherwise your returns are not absolutely correct.

Commander PORTERFIELD. This money has been spent, sir; these 3,900 refer to a time before we stopped first enlistments, and we are not figuring on any future first enlistments.

Capt. WILLIAMS. The next is transfers within the service based on 100,000 men at $7.96.

Mr. KELLEY. That is $2 per man higher than you said it was last summer. Fifty-three cents a man per month was the amount when you were changing these men all over the country and when the Navy was in a state of flux, but now when everything has settled down you have it $2 per man higher.

Capt. WILLIAMS. I am not surprised at it.

Mr. KELLEY. How do you explain that?

Commander PORTERFIELD. It is $1.30 more, from $6.66 to $7.96.

Mr. KELLEY. It is the difference between 53 cents a man per month and this figure which makes the sum total of $796,000, so that a rather considerable sum is involved in transferring men from one ship to another and from station to ship.

Capt. WILLIAMS. It may be that the $796,000 for six months may be reduced through a multitude of circumstances. The ships may all come north and may remain in one port, so that the transfers may be reduced to a minimum, or it may exceed that because this is something that is based on the number of transfers within the service.

Mr. KELLEY. How do you know it costs $79,000?

Capt. WILLIAMS. We do not know, but that is the best guess we can make. It is the purest kind of guess.

Commander PORTERFIELD. Those 200 ships that were sold enter largely into it, because every time you put a ship out of commission or in reserve it means that you must move the crews somewhere. I think that is probably responsible for this increase, the 200 ships the Secretary spoke about this morning, many of which will be put out of commission or in reserve commission. I may state, though, that as far as we can find out there is no extravagance in this. We use a Government conveyance wherever we can, and there are the strictest orders out about it. Another feature is that it is sometimes three or four months before we get the returns in. In the case of the $38 and $63 I was amazed; I saw the money going out and I attempted to find out what the trouble was, and the only solution I could find was this Pacific Fleet.

Capt. WILLIAMS. I wonder, Mr. Kelley, if you take all these averages and expenses and foot them up whether you will not come back to your $38? In other words, I think these averages are much more specific than they have ever been made before.

Mr. KELLEY. No; last year you were very definite and you gave me a complete list. I like to see you go down in these figures, but to go up bothers us in these hard times.

TRANSPORTATION OF RECRUITS.

Capt. WILLIAMS. The next is transfers to sea of 12,713 recruits now at training stations and trade schools, at $22.71 each.

Mr. KELLEY. That certainly must be an error, because you have all of your recruits on the seacoast and you transfer them to the ships, so that it could not cost $22.71 each.

Commander PORTERFIELD. That was for the number of men under training on January 1, when we were at this peak of 136,000, and that represents the yearly expenditure. We do not contemplate sending anybody else.

Mr. KELLEY. But with your present circumstances that would not be true?

Commander PORTERFIELD. No, sir; but that is the expenditure incurred; we had to get those people to sea.

Mr. KELLEY. This is the expense that was incurred during the first six months?

Commander PORTERFIELD. Yes, sir.

Mr. KELLEY. But that is not going on any further?

Commander PORTERFIELD. No, sir.

The CHAIRMAN. But you are calculating on it?

Capt. WILLIAMS. No; we are calculating on our whole expenditure. The next is transportation of sick and insane to hospitals based on 100,000 men, $67,183.44. Recruiting expenses, recruiting approximately 20,000 reenlistments and 3,900 first enlistments, approximately $10 per man. The prewar appropriation was about $250,000 for a navy of 50,000 men. Of course, those first enlistments have been stopped. By adding up these estimates we get $5,617,314, and we had an appropriation of $3,500,000, which leaves an estimated need for the year of $2,117,314. There is another element that comes in there, sir, and that is the fact that it is impossible at the present time to tell how many men we will be called on to discharge between now and July 1.

Mr. KELLEY. The more you discharge from now on the more this :em will be.

Capt. WILLIAMS. The more the Navy is cut the larger this item 'ill be; yes, and it will be $63 per man.

Mr. KELLEY. Well, we know all you know about it, do we?

Capt. WILLIAMS. I think you know more.

TRANSPORTATION OF DEPENDENTS OF ENLISTED MEN.

Mr. BYRNS. I want to ask a question about the new language, ıich reads, "Transportation of dependents of enlisted men." hat does that mean?

Capt. WILLIAMS. It means that certain dependents of the enlisted 'n are transported, that is, that the dependents of chief petty cers and first-class petty officers are transported at Government ›ense to the place of their home port. If the family of such officer is living in New York and the home port of his ship 'omes Philadelphia, then he is allowed certain transportation to ng his family to the place where he can see them when the ship ıes into port. The expenditure up to the present time has not n very large for that, and it is a very great blessing for these ı.

Ir. BYRNS. Does that apply to all enlisted men?

'apt. WILLIAMS. No; the older men who presumably have ıilies or family ties, men like chief petty officers and first-class y officers, who have been in the service some years.

Ir. BYRNS. That is where they have been off on duty for some and instead of giving a man a furlough you pay the transpor- ›n of his family to meet him?

ıpt. WILLIAMS. Yes, sir. In other words, suppose the home port ship is changed from New York, where a man has his wife and lren. His ship leaves New York, but when it comes back the e port is permanently established at Norfolk. In that event the ›rnment transports his family to Norfolk, to the home port of ›hip; otherwise the man himself would have to get a furlough go from Norfolk to New York, and he would be uneasy, and ıps unhappy, all the time he was down there, having been away long time and not having seen them.

'. BYRNS. Is there any limitation placed upon the number of ıdents?

pt. WILLIAMS. Oh, yes; the limitation is the wife and minor 'en, I think.

. BYRNS. How long has that practice been indulged in?

›t. WILLIAMS. Since 1920.

› CHAIRMAN. That is the law, is it?

›t. WILLIAMS. Yes, sir.

ımander PORTERFIELD. It is the act of May 18, 1920.

EXPIRATION OF ENLISTMENTS.

KELLEY. Captain, have you data with you to show the number n whose enlistments expire month by month from now until ; of next July?

Capt. WILLIAMS. I do not have such data here; no; but I can get it for you.

Commander PORTERFIELD. Approximately 7,000 in the last four months of this year; but next year there will be a great volume of them, 48,000 next year.

Mr. KELLEY. I was thinking that starting with last August the expirations of enlistments were very heavy this year.

Commander PORTERFIELD. They simmered down to about 34,000 this year; we started out with 42,000 in our original estimates.

Mr. KELLEY. I am speaking of the expirations from this time on up until the 1st of next July.

Commander PORTERFIELD. That number will be between 7,000 and 8,000.

Mr. KELLEY. Have you that data there?

Commander PORTERFIELD. I have it somewhere, but I have not been able to get hold of it.

Mr. KELLEY. I wish you would put in the record at this point a table showing, month by month, the number of men who will retire, who are eligible for retirement, or who will probably retire for any of the causes of discharge included in the table you have given. You see, you have here a certain number of men discharged because their terms expire, others because they are sick, and others for other reasons, and I would like to have that by months for the rest of this fiscal year, so that we will know how many men will go out of the Navy under normal conditions between now and the 1st of next July.

Capt. WILLIAMS. That will be incomplete, of course, because you can not tell the number who will go out by reason of being sick, and you can not tell the number who will go out by desertion.

	Expirations.	Other losses.[1]
February	921	1,632
March	1,158	1,596
April	1,423	1,539
May	1,857	1,520
June	2,130	1,479
Total	7,489	7,766
Reenlistments	3,744	.....
Net loss	3,745	7,766
Total losses	11,531	

[1] Other losses amount to 1.7 per cent per month.

It is estimated that 50 per cent of expirations during this period will reenlist.

This does not include special discharges, which, under ordinary conditions would average about 8 per cent.

Strength was 96,000 on February 1, exclusive of about 1,300 prisoners. Strength on July 1, 1922, should be 84,469, without granting any additional special discharges.

Mr. KELLEY. You can tell well enough so as to ask money for them, so you can give us the numbers.

MAINTENANCE OF RECEIVING BARRACKS.

Capt. WILLIAMS. I have one more item, Bureau of Navigation, receiving barracks, 1921, $7,532.89. This is an overobligation and the overexpenditure occurred in the following manner: Requisitions

were submitted during the last few months of the fiscal year 1920, but by reason of delays in delivery the material was not received until after the beginning of the fiscal year 1921. Under the accounting instuctions of the Navy the date the material was issued to the receiving ship is the governing factor. It would appear that the commanding officer overlooked this provision of the accounting instructions. Inasmuch as the material was issued during 1921 it was necessary that a 1921 appropriation be charged. As an allotment from "receiving barracks, 1921," had been made to the receiving ship at New York that allotment should have been charged. The cost of material, in any case, would have been charged to a naval appropriation. If it had been delivered in the fiscal year 1920 it would have been charged to appropriation "instruments and supplies." There was an overexpenditure of $14,423.25 but that amount was reduced to the sum here mentioned, $7,532.89, by a saving on the other allotment. An investigation is now in progress to see how that accident happened.

The CHAIRMAN. This material was received in accordance with the requisitions properly attached?

Capt. WILLIAMS. Yes, sir; only it was charged to 1921 when it should have been charged to 1920.

The CHAIRMAN. It should have been charged to 1920; would there have been a sufficient amount to have paid it?

Capt. WILLIAMS. It is my understanding that there would.

The CHAIRMAN. If this amount of $7,532.29 had been received in time and charged against the 1920 appropriation, was there appropriation sufficient?

Mr. HENKEL. Yes, sir.

The CHAIRMAN. Was there a balance covered into the Treasury, a sufficient amount to cover this?

Mr. HENKEL. Yes, sir.

The CHAIRMAN. How much of the 1921 appropriation was expended.

Mr. HENKEL. Receiving barracks?

The CHAIRMAN. Yes, sir.

Mr. HENKEL. $57,532.29 at last reports.

Mr. KELLEY. I notice in the paymaster report for 1921 a long list of receiving barracks and receiving ships. They are all barracks, are they not?

Capt. WILLIAMS. No, sir.

Mr. KELLEY. A receiving ship is a barracks?

Capt. WILLIAMS. A receiving ship is afloat and a barracks is usually ashore.

Mr. KELLEY. Here is a receiving ship at Norfolk which cost $420,000?

Capt. WILLIAMS. There is usually a receiving ship there.

Mr. KELLEY. Do not you call a building on shore a receiving ship?

Capt. WILLIAMS. That has been done in the past.

Mr. KELLEY. It is done now?

Capt. WILLIAMS. I thought that they had changed the name of the receiving ship and called it a receiving barracks.

Mr. KELLEY. There is one down here at the navy yard, a very nice building up on the bank, which they call a receiving ship.

Capt. WILLIAMS. Yes, sir.

Mr. KELLEY. Here is a receiving ship at Hampton Roads at a cost of $1,540,340; one at Puget Sound, $440,000; at Mare Island, $438,000; at Newport, $404,000; at Key West, $120,000; at New Orleans $439,000; and at Washington—that is, down here—$683,000.

Capt. WILLIAMS. It depends on what the items are.

Mr. KELLEY. I want to know from what funds these items are paid?

Capt. WILLIAMS. Various funds; perhaps, some of those, pay of the Navy. I think probably a large percentage is from pay of the Navy. The men pass through those places on their way to their regular stations.

Mr. KELLEY. If you can take that out of pay of the men, why have a special appropriation for receiving barracks?

Capt. WILLIAMS. This is the pay of the men who happen to be on the ship. It does not make any difference whether on a battleship or on a receiving ship. Those items you have there include the pay of the men who happen to be passing through. You can not use the pay of the Navy for the upkeep of the ship.

Mr. KELLEY. Why not, if you can use it for all of this pay?

Capt. WILLIAMS. Take a receiving ship; you have a man enlisted in New York this morning aboard. He is to be sent to the regular cruising ship. He is sent to the receiving ship because there is no other place to put him for the moment. He is berthed and fed on board and the next day he goes to the station. The money that is due him that day or two days, or whatever it may be, is included in the charge.

Mr. KELLEY. Take the case of the receiving ship at the Naval Academy, $6,503.83 for repairs, what was that?

Admiral POTTER. That might have been Construction and Repair or it may have been Engineering or conceivably it may have been repair and preservation, Yards and Docks.

Mr. KELLEY. If you can take out of the various appropriations for the Navy the money sufficient to run these barracks on shore, which you call receiving ships, why is it necessary to have one item anywhere in the bill appropriating for receiving ships specifically?

Admiral POTTER. I do not know of that item.

Capt. WILLIAMS. Norfolk, $25,567; Hampton, $20,000; Key West, $900; Boston, $16,000; New Orleans, $5,000; and New York, $39,000.

Mr. KELLEY. If you can spend those amounts out of other funds, why come in here for a special appropriation?

Admiral POTTER. There is only the question of having the specific items.

Mr. KELLEY. I can not see, if you can spend millions of dollars to take care of barracks and receiving ships, why you should have to come in and ask for a specific appropriation?

Capt. WILLIAMS. In some cases you can and in some cases you can not.

The CHAIRMAN. If you received these supplies, whatever they happened to be, in 1921, at one of these receiving barracks and you were permitted by practice to pay the men's pay from subsistence, pay for supplies of all kinds in a receiving barracks, whether it be a ship or on shore, why did you not pay this amount out of the funds which were available as a general proposition? That is what Mr. Kelley is trying to find out.

Admiral TAYLOR. I think I can explain that. In the old days when he receiving ships were ships we paid under "Construction and epair," but when they became barracks I refused to expend contruction and repair money on them and it was necessary for them o be taken care of by Yards and Docks, with a special appropriaion under Navigation. That was the reason that the appropriation or Navigation was initiated.

Mr. KELLEY. Where do they get all of this money?

Admiral TAYLOR. A large part of that money is spent aboard ship or the men on the ship. I am speaking of the physical upkeep.

Mr. KELLEY. The fact is that this $7,000 refers to one place alone?

Capt. WILLIAMS. Yes, sir.

Mr. KELLEY. And that was the one point to which the specific apropriation was made; it was not sufficient?

Capt. WILLIAMS. It was exceeded.

MONDAY, FEBRUARY 20, 1922.

BUREAU OF CONSTRUCTION AND REPAIR.

STATEMENT OF REAR ADMIRAL D. W. TAYLOR, CHIEF.

The CHAIRMAN. Admiral, for the fiscal year 1921 you ask $300,000?

Admiral TAYLOR. Yes, sir. That is an actual overexpenditure.

The CHAIRMAN. For 1921?

Admiral TAYLOR. Yes, sir.

The CHAIRMAN. How did that occur?

Admiral TAYLOR. The 1st of July, 1921, we had carefully made our lotments during the year and we thought we had an available lance of $308,000. We found as the belated bills came in from the ips that there was an overexpenditure; in other words, that the ips had exceeded their allotments. We give to each ship in service money allotment, so much per quarter, for expenditures for conruction and repair purposes, to take care of the hull, such as paint, mber, and pipe. They are allowed to spend a certain amount each arter for such purposes. The main trouble came with the destroys. The destroyers overran nearly $2,000 apiece during the year. e did not know about it until after the fiscal year had expired. ; luck would happen, the first quarter the ships did not overrun. e had that information in September, 1921, and in making up our cal allotments for the year we did not assume that they would overn any more for the second, third, and fourth quarters. After the of July the reports showed that they had overrun. That amount s within the law as regards allotments.

The CHAIRMAN. Notwithstanding the allotments, you found repair ls coming in which were higher than the amounts allotted?

Admiral TAYLOR. Yes, sir.

The CHAIRMAN. Was that due to any extraordinary trouble conted with the operation of the ships?

Admiral TAYLOR. No; it was due to the fact that the people on destroyers are employed continuously and they have only four or officers on each destroyer, and apparently they did not know

what they were doing. Most of such accounts are kept in three places, Philadelphia, Mare Island, and Cavite. These accounts were taken care of in the Black Sea. There is some excuse that the matter should be delayed. The $308,000 that we allowed over and above our known obligations was supposed to be sufficient. In spending money all over the world you always have to make some allowance beyond the known obligations, because these bills come in after the end of the year; you can not control them in Washington.

Mr. SISSON. With the ships traveling all over the world that will always be true?

Admiral TAYLOR. Yes. I have gone back 25 years, and the only real deficiency I had before was in 1905, $25,000. I have never appeared before the committee to explain an actual deficiency before.

The CHAIRMAN. This is an actual deficiency for 1921?

Admiral TAYLOR. Yes, sir.

The CHAIRMAN. If they had been in before the end of the fiscal year you would have had enough money?

Admiral TAYLOR. Yes, sir; because we would not have spent the other money that we were spending at the rate of $2,500,000 a month. We would have recovered three-quarters by holding up for the last three quarters. That is only what we are doing now.

MONDAY, FEBRUARY 20, 1922.

BUREAU OF ENGINEERING.

STATEMENT OF REAR ADMIRAL JOHN K. ROBISON, ENGINEER IN CHIEF.

REPAIRS, PRESERVATION, RENEWAL OF MACHINERY, ETC.

The CHAIRMAN. Admiral, you have an item on page 90 of the bill for the fiscal year 1921, $1,200,000?

Admiral ROBISON. Yes, sir; that can be reduced to $900,000. These are identical to those given by Admiral Taylor. Allotments made to the destroyers and certain classes of small ships are made on a lump sum, but a certain percentage of all the expenditures on vessels of that class are charged to Engineering and a certain amount to Construction and Repair; that applies to part of it, but in addition to that there were expenditures on larger ships which were exceeded in Engineering much more than they were in Construction and Repair. That is why our deficiency is so much greater than Construction and Repair's.

The CHAIRMAN. This can be reduced from $1,200,000 to $900,000?

Admiral ROBISON. Because nearly $300,000 of a previous deficiency we have found has been canceled by some transfer, and, second, by certain other requisitions for material not having been contracted until after the 30th of June, they are not chargeable to the appropriation for 1921.

The CHAIRMAN. These ships were all over the world?

Admiral ROBISON. Yes, sir.

The CHAIRMAN. And the expenditures were made?

Admiral ROBISON. Yes, sir..

The CHAIRMAN. It is exactly $900,000?

Admiral ROBISON. No; I do not know how much it is.

The CHAIRMAN. $1,200,000 or $900,000?

Admiral ROBISON. Yes, sir. It is $900,000; it is not exactly $900,000.

The CHAIRMAN. Is it greater or less?

Admiral ROBISON. Less, I should say.

The CHAIRMAN. You do not know definitely?

Admiral ROBISON. It is impossible, because corrections are coming in almost daily. I have just received a report indicating that the deficiency this morning is $852,000; it may be different tomorrow.

Mr. KELLEY. Are some of the items contested?

Admiral ROBISON. Yes, sir.

The CHAIRMAN. Could you spend this money before the 1st of July?

Admiral ROBISON. It is spent.

Mr. SISSON. The money is now spent?

Admiral ROBISON. So far as I know, it is spent and out of the Treasury.

Mr. SISSON. And you owe bills amounting to $850,000?

Admiral ROBISON. When I relieved Admiral Griffin on the 1st of October he told me that there was $400,000 which would be turned in as an unexpended balance. Now, I find that the contrary is the case.

The CHAIRMAN. Is any of these items large?

Admiral ROBISON. They are mostly small items, but they aggregate.

The CHAIRMAN. They are mostly for repairs?

Admiral ROBISON. They are mostly small items, but they aggregate a very considerable figure.

The CHAIRMAN. For repairs?

Admiral ROBISON. For supplies used in the repair of ships.

Mr. KELLEY. Mostly for destroyers?

Admiral ROBISON. No, sir; I can not say mostly for destroyers, but largely for destroyers.

Mr. KELLEY. When you make up your estimates for repairs to destroyers, of course, they are based to a certain extent upon their operation, because if they are operated constantly the repairs would naturally be more than if they were operated only slightly. I take it that the destroyers have been operated more than anybody in authority intended that they should be.

Admiral ROBISON. The most economical way would probably be to operate them slightly.

Mr. KELLEY. But the fact is that they have been operated more than those who made the estimates intended that they should be operated.

Admiral ROBISON. I have just finished an inspection of the destroyers at Charleston and San Diego, and the conditions there, while in many respects highly satisfactory, in other respects were highly unsatisfactory.

DESTROYER SERVICE.

Mr. KELLEY. I wish you would tell us what you think about the whole destroyer situation.

Admiral ROBISON. I never saw anything as good in the Navy as I have seen in these destroyers, and yet I do not think I have ever seen anything where there were so many mistakes being made. About one-third of the engineering money authorized goes for destroyers. I wanted to find out when I fell into this job just exactly where we stood. I remember that not so very long ago there was some question as to whether the Navy was ready from stem to stern, and I wanted to know what was right and what was wrong in engineering in the Navy. I take it that I am responsible for the machinery being right for any service to which it may be assigned. Now, I took account of the stock, and we have, according to the estimates that were given me, at this moment $16,300,000 worth of work to do, and I have not a cent to do it with. I had to get busy and find out where I could save. I wanted to know if it would be possible to decrease expenses so that the absolute necessities could be met. Nothing that anybody wanted could be supplied, unless it was absolutely necessary, because nothing was justifiable along that line so long as we had these accumulated repairs which had not been done for lack of funds. So long as we have these machinery repairs to make, amounting to more than $7,000,000, we can not do anything else, because we have not the money. We can not be ready without those repairs, and you have given us approximately what we have asked for, as I see by reference to these estimates and appropriations. Yet, we have on hand this accumulated work to do in order to make these ships fit to use.

That was the situation I had to meet. That is where my money goes, and I wanted to find out how it was possible to get it done. We have the destroyers accumulated at two stations, one of them Charleston and the other San Diego. There is a large number of those vessels officered by young men, supervised by older ones, and inspected continuously. The mission of the force is primarily that of material upkeep, and, secondarily, to receive such training in destroyer tactics as it is possible for them to have. We have young officers coming into the Navy, many of them from the Naval Academy, and while they are good men they have a lot to learn. Every single man that is ordered on engineering duty in connection with these destroyers, whether on the west coast or on the east coast, goes through a course of "sprouts" every day. He is personally obliged to handle ships, and we have ships manned by young officers almost entirely. On one ship there were 26 of them while I was there; they did all the work; they were practically ship students. They overhauled the pumps, operated the fire rooms, etc. After they had gone through with three months of that training they were pretty thoroughly familiar with all the work, and they were competent.

The CHAIRMAN. They knew where the parts were?

Admiral ROBISON. They knew how to handle them, too. They were reasonably well equipped to start with, and they knew how certain work had to be done. Each of them had to run an evaporator plant himself. They became competent then to exercise authority. Once a week all of them gather in a room, where they are given lectures.

On these occasions questions are asked and are answered by the assembled engineers. There is a discussion of the general plan of handling machinery, the general methods of making repairs, and anybody who does not know how those things are done asks the questions, and he is told. They have a school for two kinds of enlisted men—first, for those who are particularly good, who are given promotions, and second, for those who are particularly bad. Instead of firing the bad ones for inaptitude, they are given special courses of instruction to make them succeed in their present ratings. This plan is working well. I had never before seen work of such large magnitude handled as a general proposition by the ship's forces. At present, every time I spend $1 in a navy yard for what we call productive work it costs me $2.50 for labor.

The CHAIRMAN. Is that because the labor is not efficient?

Admiral ROBISON. No, sir; it is just because it is so. If I get that work done aboard ship, the only thing I have to pay for is the material. The men on board the ship take this material and work it into shape, and they get it so that it will be efficient. That is something that is in the interest of those men. Of course, all of them are energetic, but they are not wasting labor. They do not want to do any more than they can help, or they do not want to do any more than is necessary. I found that the ships there were being repaired by the ships' forces. The ships' forces had retubed boilers completely, and I saw large piping being renewed by forces of enlisted men on the tenders. That is work that is frequently done at the navy yards, and it is rather expensive, but it was being done, as I have said, by the enlisted men on these destroyers. The destroyers were being improved in their physical condition by the men. It is true that the destroyers were not being operated much, but the men on them were undoubtedly learning how to keep them in shape.

The CHAIRMAN. Do you mean by that that they were taking them down and putting them up again?

The CHAIRMAN. The destroyers are in bad shape?

Admiral ROBISON. I do not say that, but I do not think I have ever seen anything so fine as the training those young officers are getting. They are much better that the young officers of my day. Youngsters there, who have been out of the naval school for only three years, are to-day exercising authority.

Mr. KELLEY. How many men did you find on the destroyers?

Admiral ROBISON. An average of about 47, I think, for each—a few less at San Diego than at Charleston.

Mr. KELLEY. Were they all needed for what they were doing?

Admiral ROBISON. I reported, when I got back, that less than 50 is too few. I believe that less than 50 is too few. If you can not put 50 on a destroyer you had better sink it.

The CHAIRMAN. What is the full complement of a destroyer in active service?

Admiral ROBISON. It is 114 men.

Mr. KELLEY. They do not have over 87 on active destroyers, do they?

Admiral ROBISON. No, sir; they were making these repairs because they found their material out of order. There is plenty to do to keep them busy.

Mr. KELLEY. Are they not practically new ships?

Admiral ROBISON. There is a lot of copper pipe on them that is not new. It does not take long for copper pipe to get bad. I am not here to do any wailing, but I have a list here of 70 of those destroyer's condensers that will have to be retubed. They were filled with condenser tubes that they got during the war. A large part of those condenser tubes that we have in storage and have never used at all are cracked because of the way in which they were manufactured. They were manufactured as fast as it was humanly possible during the war, and they were turned out of the rolling mills with one or two less heatings than has been found necessary to get reliable condenser tubes. The result is that when they put them on the rack—not in use, but on the rack—they get longitudinal splits in them. If they get those longitudinal splits while lying on the racks, what must happen to those condenser tubes when they are actually subjected to use? If you have a leaky condenser on board ship, you will very soon notice the effect on the machinery. You will soon burn out the boilers. We found cases where the tubes were simply rotten, because they were so much corroded. We found things that had to be fixed. I found all the hands were anxious to show the things that were bad, and those were the things that they were trying to cure. I was very much impressed with it.

Admiral ROBISON. Yes, sir.

Mr. KELLEY. I have in mind the number of men necessary to keep the machinery in condition.

Admiral ROBISON. There should not be less than 50. Do you want me to go into that? That is not my function.

Mr. KELLEY. When we take it up in connection with next year's bill we can go into it more thoroughly.

Admiral ROBISON. You will get that from the people who are supposed to be charged with that part of the business.

TUESDAY, FEBRUARY 21, 1922.

WAR DEPARTMENT.

STATEMENTS OF COL. T. L. SMITH; MAJ. CHARLES P. DALY, QUARTERMASTER CORPS; AND MAJ. E. B. COLLADAY, ADJUTANT GENERAL'S OFFICE.

PAY, ETC., OF THE ARMY TO BE AVAILABLE FOR RETURNING DISCHARGED DESTITUTE SOLDIERS, ETC., FROM EUROPE AND SIBERIA.

The CHAIRMAN. Tell us about the item on page 115, where you are asking to have the pay of the Army made available—

To pay the expenses incident to carrying into effect the provisions of the act entitled "An act authorizing the Secretary of War to furnish free transportation and subsistence from Europe and Siberia to the United States for certain destitute discharged soldiers and their wives and children," approved June 30, 1921, under such regulations as have been or may hereafter be prescribed by the Secretary of War.

ESTIMATE OF COST FOR TRANSPORTATION AND SUBSISTENCE.

Maj. DALY. It is estimated that it will cost probably $120,000 to bring back destitutes of the class referred to in the proposed legis-

ation from Europe and about $28,500 from Siberia. The estimate s based on a cost of about $20 for transportation to the ports in the ountries specified and $65 per capita for transportation within the Inited States after they are landed. The bill provides that they an be transported to a place costing not more than the cost of transortation to the place of original enlistment.

The CHAIRMAN. How many of these people are there at each place?

Maj. DALY. It is estimated that there are about 79 from Siberia.

The CHAIRMAN. And they are soldiers and their families?

Maj. DALY. Discharged soldiers and deserters.

The CHAIRMAN. Were these men married over there or did they ake their families with them?

Maj. DALY. Those who have families were evidently married over ere.

The CHAIRMAN. The law of 1921 provides for the transportation f those who are deserters as well as those who were honorably disarged?

Maj. DALY. No; the original law provides only for the honorably scharged.

Col. SMITH. The law specifies certain destitute discharged soldiers id their wives and children.

Maj. DALY. But the original law on the subject provided only for onorably discharged soldiers.

The CHAIRMAN. And you now propose to include dishonorably disarged soldiers or men who deserted the Army?

Maj. DALY. Yes, sir. The resolution which we are now discussing ntemplates destitute ex-soldiers.

The CHAIRMAN. Regardless of whether they were honorably disarged or not?

Maj. DALY. Yes, sir.

The CHAIRMAN. Is there any authority of law for that? That is say, has there been any law enacted which authorizes the Secrey of War to do that?

Maj. DALY. No; I know of no law that authorizes him to do it. Of irse, this is a joint resolution.

The CHAIRMAN. That has not been passed and has not become a v?

Maj. DALY. No.

The CHAIRMAN. That was introduced in the Senate.

Col. SMITH. I understand that the bill on the subject became a v on June 30, 1921, published as Public 28, Sixty-seventh Congress.

The CHAIRMAN. It was passed by the Senate November 14, 1921. ve we any record as to whether it passed the House or was apoved?

Maj. DALY. There appears to be no law on the subject.

The CHAIRMAN. I have sent for the law, or have you a copy of it?

Maj. DALY. We have a copy of it here.

The CHAIRMAN. Read it and see what it says.

Col. SMITH. I merely have the copy as it passed the Senate, sir, I have a notation that the bill became a law on June 30, 1921, olished as Public, No. 28, Sixty-seventh Congress, but I have no v of that law.

The CHAIRMAN. This resolution did not pass the Senate until vember 14, 1921.

Col. SMITH. This is the bill, sir, Senate bill 1019, and my notation shows that it passed the Senate May 2, 1921, was referred May 3 to the House Committee on Military Affairs, reported June 7 by Mr. Kahn, and became a law, Public, No. 28, Sixty-seventh Congress, on June 30, 1921.

Maj. DALY. The resolution we are now discussing provides the money, because the law itself provided no funds.

Col. SMITH. The act authorized the transportation but did not provide funds with which to pay the expenses incident to transporting these men.

Mr. BYRNS. Have you formed any idea as to about how much will be required?

Maj. DALY. About $148,500—$120,000 for the destitute in Europe and $28,500 for the destitute in Siberia.

Mr. BYRNS. Are you able to know now how many there are?

Maj. DALY. Not definitely; no, sir; but it is estimated that there are about 29 deserters still in Siberia and 55 discharged soldiers, a total of 84.

The CHAIRMAN. Have they made application to come back?

Maj. DALY. I have no record as to that, sir, but I presume they have.

The CHAIRMAN. You would not bring them back unless they made application?

Maj. DALY. No, sir.

Mr. BYRNS. When you discharged them did you not furnish them with transportation out of your regular appropriation?

Maj. DALY. Yes; they were discharged and elected to stay over there; they are now destitute, and of course this country wants to relieve the charge over there and bring them back. I suppose that is the idea.

Col. SMITH. No War Department appropriation is available for the purpose.

Mr. BYRNS. Of course the law will govern, but I suspect that if we adopt the general policy of bringing back all destitute persons who have gone to foreign countries we will spend a lot of money.

The CHAIRMAN. There is no authority to bring back anybody except honorably discharged soldiers and their families. The law provides:

That the Secretary of War be, and he is hereby, authorized to furnish transportation on United States Army transports from Europe to the United States, and subsistence en route to any person who served in the Army of the United States and was honorably discharged therefrom in Europe, and who is now in Europe and is or becomes destitute, and to the wife and children of such person and transportation and subsistence en route to such person and his wife and children from point of debarkation in the United States to the point of enlistment of such person or his home of record or to any other point to which he may desire to be furnished transportation for himself, wife, and children: *Provided*, That such point is of no greater distance from the point of debarkation than is his point of enlistment or home: *Provided further*, That if such person, his wife, and children are not at a port of embarkation of United States Army transports in Europe the Secretary of War is further authorized to furnish transportation to such person, his wife, and children to such port of embarkation and subsistence en route: *Provided further*, That such transportation and subsistence shall be furnished to such person, his wife, and children without cost to them.

SEC. 2. That the Secretary of War is hereby further authorized to furnish transportation and subsistence en route, as contemplated above in the case of

destitute former soldiers in Europe, to any person who was honorably discharged from the Army of the United States in Siberia and who is now in Vladivostok or its immediate vicinity and is or becomes destitute, and to the wife and children of such person: *Provided*, That the Secretary of War is authorized, in transporting such persons to the United States, to procure transportation and subsistence for them on vessels other than United States Army transports from Siberia to Japan.

So this law does not go at all to the question you submit. Your suggestion was that you wanted to transport men back to this country who had deserted or who had been dishonorably discharged, if they were destitute, but there is no authority of law for that.

Maj. DALY. No; there is not. My statement was made on Senate joint resolution 1019, which passed the Senate. I had that in mind. There is no act of Congress that authorizes the return of destitute soldiers, but the bill which passed the Senate does provide for the return of destitute soldiers, and it is under those conditions that I have made my statement.

The CHAIRMAN. Even the resolution to which you refer does not give authority to the Secretary of War to do what you suggest?

Maj. DALY. No.

NUMBER ESTIMATED TO BE RETURNED.

The CHAIRMAN. That resolution simply provides an appropriation to carry out the act of June 30, 1921, and it does not extend any further than that, but even that resolution was not passed. How many would there be, leaving out those who are not included in the act? Does your record show that?

Maj. DALY. My record does not show that. Of the 84 who are stated as being in Siberia 29 are deserters and 55 are discharged men. Now, those discharged men were probably furnished their transportation.

The CHAIRMAN. And notwithstanding that, this law provides that they shall be transported to the United States?

Maj. DALY. Yes, sir.

The CHAIRMAN. But there is no provision whatever for the transportation of the other men?

Maj. DALY. No, sir.

The CHAIRMAN. You had in contemplation bringing those back, too, did you not?

Maj. DALY. Yes; we had in contemplation bringing back all destitute American soldiers.

The CHAIRMAN. I do not see how you can do it under this act.

Maj. DALY. It can not be done under that act.

The CHAIRMAN. The language you propose is in conformity with the act, so, as a matter of fact, it would not make any difference what you had in your mind, you would not be able to go beyond the authority of the act. The $148,000, of course, includes all, does it not?

Maj. DALY. It includes all; yes, sir.

The CHAIRMAN. We would not be able to give you authority for that; we would simply be able to give you authority under the act. Tell us how much it would cost under the act. It may be quite a hardship on the men who have deserted, but the act does not give us

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Mr. BYRNS. There is no limitation as to time in that act, is there?

Maj. DALY. No; just to bring them back.

Mr. BYRNS. Suppose a soldier does not elect to come back now; four or five years from now he may be married and have two or three more children, and under this act he could then ask to be transported to the United States, together with his wife and children?

Col. SMITH. I think there is a terminating date.

Mr. BYRNS. A termination so far as this appropriation is concerned?

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The CHAIRMAN. This act authorizes the Secretary of War to fix regulations, and I suppose he would fix regulations so that the time would not be too greatly extended.

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Mr. BYRNS. That is all right.

The CHAIRMAN. Then it has already ceased and terminated.

Mr. BYRNS. And it would be necessary to extend it.

The CHAIRMAN. It terminated on December 30, 1921. I think I called the attention of the Secretary of War to this act some time ago. He wrote me a letter about it; I looked it up then and wrote him fully and told him the act had expired by limitation and that we had nothing before us, so that we could not consider this question. You will have to go to the Committee on Military Affairs and have this act extended.

Mr. BYRNS. As it stands in this bill it would clearly be subject to a point of order.

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The CHAIRMAN. There is no law now.

Maj. DALY. Well, I mean under the original law. You asked me how many there would be outside of the deserters, and I have roughly estimated about 400; and it would cost about $47,200, the cost being about $118 per person.

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INCIDENTAL EXPENSES OF THE ARMY.

We will take up the next item, incidental expenses of the Army.

Postage, cost of telegrams on official business received and sent by officers of the Army, etc.

You are asking a deficiency appropriation of $132,500. What is it that creates this situation?

APPREHENSION OF DESERTERS AND DRAFT EVADERS.

Maj. DALY. That is not for postage or any of the items mentioned in the committee print, but it is for the apprehension of deserters and draft evaders.

The CHAIRMAN. How do you get that into this item?

Maj. DALY. The appropriation act itself provides for a reward of $50 for the apprehension of deserters.

The CHAIRMAN. You mean this particular item?

Maj. DALY. Yes.

The CHAIRMAN. Incidental expenses of the Army would include that?

Maj. DALY. Yes, sir.

The CHAIRMAN. The apprehension of criminals?

Maj. DALY. The apprehension of deserters or escaped prisoners.

The CHAIRMAN. That is not specified in the language.

Maj. DALY. It is when you take the bill as a whole.

Col. SMITH. The President's message transmitting the estimates states what it is for.

The CHAIRMAN. I know what his message states, but the expenditures here are authorized for postage, the cost of telegrams on official business received and sent by officers of the Army, etc., including the same objects specified under this head in the Army Appropriation Act for the fiscal year 1922.

Maj. DALY. That, of course, is only a part of the text of the appropriation act. Further on it provides for the apprehension of deserters at not to exceed $50 each.

The CHAIRMAN. How many of these people are out and which you think will be apprehended?

Maj. DALY. Maj. Colladay, from The Adjutant General's Office, is here to give you testimony about that, sir.

The CHAIRMAN. Is this a deficiency?

Maj. DALY. Yes, sir; it is required to carry on the work. $67,500 was set aside out of the appropriation for this year for the apprehension of deserters, and that has all been expended.

The CHAIRMAN. How much of an unexpended balance have you in the appropriation?

Maj. DALY. There is practically none, sir.

The CHAIRMAN. In any part of the appropriation?

Maj. DALY. No, sir. The appropriation for incidental expenses was very limited and the amount has been or will be used up for the purposes for which appropriated.

The CHAIRMAN. It was $5,500,000?

Maj. DALY. Yes, sir.

The CHAIRMAN. Do you call that a limited appropriation for incidental expenses?

Maj. DALY. There are a great many items that come out of that appropriation; most all of the employees of the Quartermaster Department are paid from that appropriation, and that in itself runs up to $4,000,000 or $5,000,000.

The CHAIRMAN. Here is the language of the item:

Postage; cost of telegrams on official business received and sent by officers of the Army, including members of the Officers' Reserve Corps, when ordered

that authority and it would not give you the right if we made the appropriation.

Mr. BYRNS. There is no limitation as to time in that act, is there?

Maj. DALY. No; just to bring them back.

Mr. BYRNS. Suppose a soldier does not elect to come back now; four or five years from now he may be married and have two or three more children, and under this act he could then ask to be transported to the United States, together with his wife and children?

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You are asking a deficiency appropriation of $132,500. What is it that creates this situation?

used to publish a photograph of the deserter and that increased apprehensions 50 per cent.

BASIS OF ESTIMATE.

(See p. 482.)

The CHAIRMAN. How do you figure out this cost at exactly $132,500?

Maj. COLLADAY. We have estimated upon the best experience. Reports are coming in which indicate that by the 30th of June, 1922, there will have occurred 4,000 or more actual apprehensions for which the War Department is in honor bound to pay $50.

Maj. DALY. $67,500 was sufficient to meet the demands up to December 31. Now, as I remember your figures—take the month of January—your apprehensions were certainly not any greater than in the previous month, and possibly not as large.

Maj. COLLADAY. No, sir. That $67,500 which was practically given in December paid only a certain portion of those that had occurred, because the other reports have not been received. When they all come in that money will not be any more than sufficient.

Col. SMITH. When the estimates were submitted there was a statement made to the effect that it is estimated that there are still about 100,000 draft evaders to be apprehended. The apprehension of draft evaders is nation-wide in its extent and has barely been started. Sixty-seven thousand five hundred dollars was apportioned for the payment of rewards for the apprehension and delivery of deserters, draft evaders, and escaped military prisoners during the fiscal year 1923, and, based upon reports up to date, practically all of this money has been expended. The additional sum of $132,500 requested in the supplemental estimate will, if appropriated, provide a total of $200,000 for the purpose, or, in other words, the necessary money for the apprehension of 4,000.

The CHAIRMAN. Do you figure that you will need all of this money between now and June 30?

Maj. COLLADAY. Yes, sir. There will be some apprehensions of deserters that have occurred in the current fiscal year and others that will take all of that money, at least.

The CHAIRMAN. You had $5,500,000 appropriated for all of these purposes under this head for 1922. How much of that money has been expended?

Maj. COLLADAY. I do not know anything about that at all.

The CHAIRMAN. Somebody should know.

Maj. DALY. I can explain that. The bulk of that appropriation has been expended and obligated. The money has not all been expended, but obligations have been incurred that will practically exhaust the appropriation by the end of the fiscal year, except, perhaps, an amount of $200,000 which the Secretary of War set aside as a reserve. I have no knowledge as to how much of that has been expended.

Col. SMITH. I will insert in the record the unapportioned balance of the reserve.

Mr. SISSON. There is no necessity of increasing this item if you have all of that money.

that authority and it would not give you the right if we made the appropriation.

Mr. BYRNS. There is no limitation as to time in that act, is there?

Maj. DALY. No; just to bring them back.

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Maj. DALY. The apprehension of deserters or escaped prisoners.

The CHAIRMAN. That is not specified in the language.

Maj. DALY. It is when you take the bill as a whole.

Col. SMITH. The President's message transmitting the estimates states what it is for.

The CHAIRMAN. I know what his message states, but the expenditures here are authorized for postage, the cost of telegrams on official business received and sent by officers of the Army, etc., including the same objects specified under this head in the Army Appropriation Act for the fiscal year 1922.

Maj. DALY. That, of course, is only a part of the text of the appropriation act. Further on it provides for the apprehension of deserters at not to exceed $50 each.

The CHAIRMAN. How many of these people are out and which you think will be apprehended?

Maj. DALY. Maj. Colladay, from The Adjutant General's Office, is here to give you testimony about that, sir.

The CHAIRMAN. Is this a deficiency?

Maj. DALY. Yes, sir; it is required to carry on the work. $67,500 was set aside out of the appropriation for this year for the apprehension of deserters, and that has all been expended.

The CHAIRMAN. How much of an unexpended balance have you in the appropriation?

Maj. DALY. There is practically none, sir.

The CHAIRMAN. In any part of the appropriation?

Maj. DALY. No, sir. The appropriation for incidental expenses was very limited and the amount has been or will be used up for the purposes for which appropriated.

The CHAIRMAN. It was $5,500,000?

Maj. DALY. Yes, sir.

The CHAIRMAN. Do you call that a limited appropriation for incidental expenses?

Maj. DALY. There are a great many items that come out of that appropriation; most all of the employees of the Quartermaster Department are paid from that appropriation, and that in itself runs up to $4,000,000 or $5,000,000.

The CHAIRMAN. Here is the language of the item:

Postage; cost of telegrams on official business received and sent by officers of the Army, including members of the Officers' Reserve Corps, when ordered

Maj. DALY. They are brought to trial by court-martial, and if convicted are sent to the disciplinary barracks for punishment.

The CHAIRMAN. How many of these men are in prison now?

Maj. DALY. I do not know the number, but, based on the average for the last year of apprehensions for which rewards had to be paid, we would require $200,000 for this year. All of the money that was alotted for this purpose has been spent.

The CHAIRMAN. That was the amount allotted in the appropriation bill?

Maj. DALY. Yes, sir. The result will be, of course, that the civil authorities, when they find that the Government is not in a position to pay for the apprehension of these deserters, will not apprehend them.

TRANSPORTATION OF THE ARMY AND ITS SUPPLIES.

The CHAIRMAN. We come to the next item, "Transportation of the Army and its supplies." There is a proviso in the 1922 appropriation which reads as follows:

Provided, further, That there may be transferred during the fiscal year 1922 from the appropriations contained herein for subsistence of the Army, regular supplies, Quartermaster Corps, incidental expenses, Quartermaster Corps, water and sewers at military posts, and clothing and camp and garrison equipage, to the aprpopriation for transportation of the Army and its supplies, such amounts as may be necessary.

How do you find the situation? Have you not sufficient money in these different funds to cover the amounts called for by this item?

Maj. DALY. There was set aside as a reserve under that provision of law, from the appropriations named, $6,186,000, as I recall it, for the purpose of rail transportation. That money has all been allotted and set aside. So far as the Quartermaster Corps records show in the matter the entire amount of the original appropriation of $10,200,000, plus the $6,186,000, will be used for current requirements.

STATUS OF ALLOTMENT OF APPROPRIATION FOR ARMY TRANSPORTATION.

Col. SMITH. I have a statement of the status of the appropriation for Army transportation, 1922, for rail transportation.

The total appropriation for "Army transportation, 1922," was $28,725,000. Of this amount, the expenditures for rail transportation were limited to $10,200,000. Accordingly no portions of the amounts specified in the act for animal-drawn, water, or motor transportation can be applied to rail transportation.

Under another provision of the act, however, there have been transferred from the appropriations for subsistence, regular supplies, incidental expenses, and clothing and equipage, amounts aggregating $6,146,800, so that the total amount now available for rail transportation is $16,346,800.

This amount has been allocated to the several branches of the War Department, and the following statement shows the status of the several allocations as of December 31, 1921.

Statement of obligations against Army transportation appropriation, as shown by reports of War Department branches.

	Total allocated.	Obligated to Dec. 31, 1921, reported by branches.	Net balance, including third and fourth quarters.
Finance Department	$6,033,090.00	$4,788,798.42	$1,244,291.58
Adjutant General	166,285.27	163,365.90	2,919.37
Do	3,313,514.73	2,260,000.00	1,053,514.73
Ordnance	334,100.00	226,230.52	107,869.48
Signal Corps	107,600.00	38,288.34	69,311.66
Chief of Engineers	35,100.00	16,202.82	18,897.18
Surgeon General	113,000.00	92,184.26	20,815.74
Air Service	380,410.00	295,070.00	85,340.00
Chemical Warfare Service	37,350.00	34,305.97	3,044.03
Inspector General	550.00	122.86	427.14
Military Intelligence Division	10,000.00	2,492.16	7,507.84
Quartermaster General	3,455,700.00	2,566,000.95	889,699.05
Coast Artillery	15,000.00	7,646.31	7,353.69
Camp Bragg	7,000.00	[1] 7,000.00	.....
Corps areas	340,037.36	[1] 340,037.36	.....
Special reserve	1,148,462.64	.....	1,148,462.64
General reserve	849,600.00	.....	849,600.00
Total	16,346,800.00	10,837,745.87	5,509,054.13

[1] Estimates.

The allocation to the Finance Department is practically all to cover the travel pay of discharged enlisted men and officers. This is an expenditure which is not subject to administrative control.

The amount allocated to The Adjutant General is principally for the movement of troops including individual enlisted men.

Attention is invited to the fact that notwithstanding that every effort has been made to curtail rail transportation, and that such transportation has in general been restricted to the current requirements of the Army rather than to the movement of supplies for permanent storage, practically two-thirds of the total amount available has been obligated during the first half of the year.

The unapportioned balance of the general reserve under "Army transportation" is as follows:

Animal drawn	$47,000
Water	430,000
Motor	272,000
Rail	722,250
Total	1,471,250

The CHAIRMAN. Your idea is that you want to take this money out of the unexpended balance or want an additional appropriation? Tell us what general reserve means.

Col. SMITH. General reserves are set aside from various appropriations in order to have available, in so far as it is practicable to do so, funds under the control of the Secretary of War to meet urgent or unforeseen requirements. The funds thus set aside are in an unapportioned status and, when requests are made by the operating branches for apportionments therefrom, specific reasons must be given so that each case may be considered on its merits. This whole procedure is a precautionary measure to prevent the incurrence of deficiencies. The present estimate under consideration pertaining to Army transportation contains two proposals, one of $150,000, which is a reimbursement, and another of $511,892.77, which represents a

transportation requirement in returning troops from Germany, the total for both items being $661,892.77.

The CHAIRMAN. Why can not they be taken out of the $2,000,000 general reserve? Why should you want $150,000 to reimburse, why should you not take all of this out of the $2,000,000 general reserve? If I have $2,000,000 in the bank, it is hard work for me to understand why I should be going out and trying to get five or six hundred thousand dollars more to put in the bank.

Col. SMITH. The general reserve under rail transportation is about $700,000 only, and not $2,000,000. The remainder of the general reserve pertains to animal, water, and motor transportation.

The CHAIRMAN. But you have the right to transfer to it.

Col. SMITH. I do not think we would have the right to take money appropriated for motor transportation and use it for rail transportation.

The CHAIRMAN. Here is what the appropriation bill provides:

> That there may be transferred during the fiscal year 1922 from the appropriations contained herein for "Subsistence in the Army," "Regular supplies, Quartermaster Corps," "Incidental expenses, Quartermaster Corps," "Water and sewers at military posts," and "Clothing and camp and garrison equipage," to the appropriation for "Transportation of the Army and its supplies," such amounts as may be necessary.

You have a right to transfer from all of those appropriations to the appropriation for transportation.

Col. SMITH. What I stated in my last answer is that you can not take money appropriated for motor transportation and use it for rail transportation.

The CHAIRMAN. You can transfer from those items I have mentioned to the activity which you now propose.

Col. SMITH. Yes, sir.

The CHAIRMAN. I understand that they have made a considerable saving in the subsistence allowance in the last eight months. I understand that you have been reducing very materially the cost of subsistence, and there must be considerable money there that you could transfer for this purpose without coming here.

Maj. DALY. The ration has dropped from about 40 cents to 30 cents. It is costing 30 cents now.

The CHAIRMAN. How much saving will that amount to?

Maj. DALY. It will amount to about $4,000,000.

The CHAIRMAN. Out of $4,000,000 you would have no trouble in getting this $661,000.

Maj. DALY. We have already transferred to the reserve out of subsistence.

The CHAIRMAN. How much?

Maj. DALY. $2,950,000.

The CHAIRMAN. That still leaves you $1,100,000 according to your own figures.

Maj. DALY. There is also to be money transferred to take care of transportation on account of the Quartermaster Department in the movement of supplies from abandoned camps to posts, and in the transfer of excess supplies from posts to depots, amounting to $1,650,000.

The CHAIRMAN. You will be $500,000 short according to that statement?

Maj. DALY. Yes, sir.

The CHAIRMAN. What about these other appropriations?

Maj. DALY. We have already transferred from regular supplies to general reserve for transportation purposes $1,400,000.

The CHAIRMAN. That was transferred to the general reserve?

Maj. DALY. Yes, sir.

The CHAIRMAN. You have $2,700,000 in the general reserve without that?

Maj. DALY. No, sir; that is a part of it.

The CHAIRMAN. You still have $2,000,000?

Maj. DALY. That is the balance now.

The CHAIRMAN. That is a good place from which to take this $661,000.

Maj. DALY. I am not in a position to state that. That general reserve is set up by the Secretary of War, and is subject to his order.

The CHAIRMAN. We do not care whose order it is subject to. If the money is there, available for use without drawing upon the Treasury or the taxpayers, it should be used.

Maj. DALY. The reason I mention that is because I am not in a position to say what the Secretary's purposes are in connection with that reserve.

The CHAIRMAN. We do not care what the Secretary's purposes are. If the money is there we have authority to say what shall be done with it.

Maj. DALY. There is in the appropriation for army transportation itself an amount that could be used, but we can not use it under the law.

The CHAIRMAN. Why not?

Maj. DALY. Because the language in the appropriation for Army transportation limits the expenditures to given amounts for specific purposes—that is, so much for animal-drawn transportation, so much for motor transportation, so much for water transportation, and so much for rail transportation, which limitations shall not be exceeded from that appropriation.

The CHAIRMAN. How much balance is there in rail transportation?

Maj. DALY. In the transportation of the Army appropriation as a whole, there is a balance, I should say, of about $1,000,000.

The CHAIRMAN. Why can you not use that?

Maj. DALY. Because we can not apply it to this purpose. We can not apply that to rail-transportation purposes.

The CHAIRMAN. Those men coming back from Germany will not come by rail, but by ship.

Maj. DALY. There is rail transportation involved in it in sending them from the ports to their stations.

The CHAIRMAN. There will not be much. Most of the transportation involved here is by ship, is it not?

Maj. DALY. The largest part of it would be by ship.

The CHAIRMAN. Have you found out what the cost of the rail transportation will be?

Maj. DALY. That $550,000 does not include ship transportation, but it costs about $500,000 to bring them from the ships to their stations.

The CHAIRMAN. Then this is just rail transportation?

Maj. DALY. Yes, sir; we have taken care of the ship-transportation cost out of the appropriation.

The CHAIRMAN. You can take care of the rail-transportation cost out of the general reserve?

Maj. DALY. It might be well to listen to Col. Totten on that subject. We can not use this money in Army transportation for that purpose unless some provision of law is made for it.

The CHAIRMAN. You have $1,000,000 there?

Maj. DALY. That is more than enough to take care of this, but we can not use it. I have the balances here of the other appropriations for the Quartermaster Corps, but they can not be drawn upon to augment rail transportation. That is provided for in the law, because all of the balances that are available will be required for the purposes of the appropriation. We have drawn exceedingly heavily upon these appropriations now to build up the general reserve.

The CHAIRMAN. Your thought is that you could make a transfer from Army transportation?

Maj. DALY. Yes, sir; but there should be some provision that would enable us to use the money for that purpose.

The CHAIRMAN. We would as soon have the money turned back into the Treasury as to have it used. Of course, the Army is very skeptical about having any money to turn back.

Maj. DALY. I do not know about that. Our department is making honest efforts to turn money back into the Treasury.

The CHAIRMAN. I think, perhaps, they are doing good work.

TUESDAY, FEBRUARY 21, 1922.

STATEMENT OF COL. JAMES TOTTEN, OFFICE OF THE ADJUTANT GENERAL.

TRANSPORTATION OF THE ARMY.

Col. TOTTEN. Mr. Chairman, my testimony will be limited to the practical side of this question. The office of the Adjutant General being charged with the duty of keeping the Army up to the authorized strength. About $2,000,000 was estimated as the amount necessary for the movements required. Many men are needed on the border, in Hawaii and the Philippines, and on the west coast who can not be procured locally. They must be moved from the central States. The average per capita cost for the whole country is about $50.

The CHAIRMAN. For transportation?

Col. TOTTEN. Yes, sir. With about 50,000 men to be moved, only $142,000 has been made available, and it is impossible to meet the obligations with that amount. The money that would have gone to our use had to be used for unforeseen emergencies, such as returning the troops from Germany. It was pointed out that if estimates were made for an amount required to place these men returning from Germany where they are needed, on the border and at other places where they are actually needed, it would be one amount, but if the estimates

were made to place in the East, in order to save money, it would require a greater amount. The estimate of the amount required to put them at places fairly near the ports was $400,000, but to put them where they are needed, on the border, in Honolulu, and on the west coast, would cost this amount estimated here.

A saving is made, in that the men landing in New York would not go farther probably than Georgia or to the Northern States, and we will get men for the border and for the west coast not east of Chicago or St. Louis, so as to save that distance in between. We are in a jam right now, in that we have a lot of men that are needed on the border in and around Chicago and Indianapolis, and we can not move them, as I understand it, unless this money is made available.

The CHAIRMAN. Yours is the practical side of it?

Col. TOTTEN. Yes, sir.

The CHAIRMAN. You are in a position to say that it is necessary to move them, and that without this provision they can not be moved?

Col. TOTTEN. Yes, sir.

The CHAIRMAN. That is important information.

TUESDAY, FEBRUARY 21, 1922.

STATEMENT OF COL. STANLEY H. FORD, GENERAL STAFF.

FEDERAL TROOPS IN WEST VIRGINIA COAL DISTURBANCES.

Col. FORD. I am doubtful whether the testimony I shall give you will interest you. I am prepared to tell you of the use that was made of troops in connection with the mine troubles in West Virginia and of the number of troops that were sent to the State of West Virginia.

The CHAIRMAN. I think it might be well enough to have a statement of that, because that is involved here. There is $150,000 to be reimbursed on account of that expedition.

Col. FORD. In response to telegrams received by the Secretary of War from the governor of West Virginia, Gen. Bandholtz was ordered to proceed to Charleston to learn the conditions there. I was designated by the War Department to accompany him as assistant and to act as his chief of staff, if necessary. On two occasions Gen. Bandholtz and I went to West Virginia. On the first occasion the situation was much the same as had been indicated by the governor in his telegrams. However, at the close of the second day it was found that Federal troops would not be required to restore order. In other words, the situation was clearing, and the miners, who were preparing to march into Logan County and into Mingo County, were dispersing and returning to their homes.

We returned to Washington and made a formal report. On the last day of August telegrams were received from the governor of West Virginia by the Secretary of War indicating that there was another disturbance being formed by miners of West Virginia; that in great numbers the miners had left their mines, had assembled at various places in the vicinity of Charleston and Coal River Valley, and were preparing, fully armed, to march across the mountains and

to overcome any resistance that might be made by the State police and the deputy sheriffs to prevent them from going into the town of Logan, the county seat of Logan County, and from that point on to Mingo. We arrived on the morning of September 1. Prior to our departure from Washington the President had issued a proclamation warning all the disturbing elements to proceed peacefully to their homes. The time limit in this proclamation was 12 o'clock noon on the 1st of September. We arrived shortly before noon and immediately went into conference with the governor and with a staff officer of the commanding general of the Fifth Corps Area, who came from Fort Benjamin Harrison. We learned the situation in a very short time, conferred with some of the union leaders, and as a result of that conference I was directed to proceed to Coal River Valley and get first-hand information of the conditions there in order to comply with the instructions issued by the Secretary of War.

It was necessary for me to go by automobile to the junction at St. Albans, about 12 miles distant from Charleston, and then to go by train down through the Coal River Valley, visiting the miners down in that locality, in which valley most of the disturbing miners had assembled, and from which place they proceeded to the mountains or foothills, with a view to crossing the mountains separating the two counties. As a result of my inspection I reported to Gen. Bandholtz that there was no indication of the miners obeying the proclamation of the President and returning peaceably to their homes, and that, so far as I could see from my observations and conversations, there was no intention to obey the President's proclamation. I was satisfied in my own mind that Federal troops would be be the only solution of the problem in West Virginia at that time.

The CHAIRMAN. They were brought in?

Col. FORD. Yes, sir.

The CHAIRMAN. That is what makes this deficiency?

Col. FORD. Yes, sir; that is what caused it.

RECONDITIONING UNITED STATES ARMY TRANSPORT "MADAWASKA."

The CHAIRMAN. The next item is, "that not exceeding $236,095 and unobligated balances of appropriations for the support and operation of the Quartermaster Corps of the Army for the fiscal year 1921 may be applied to reconditioning United States Army transport *Madawaska*." Have you an unexpended balance?

Col. SMITH. $3,338,074.78.

The CHAIRMAN. Ought not part of that go into the Treasury?

Col. SMITH. It is available for three years to pay obligations incurred in the fiscal year for which the appropriation was made.

Mr. SISSON. It is not obligated and has gone back into the Treasury, really?

Col. SMITH. It is being held to meet obligations incurred during the year for which the appropriation was made.

The CHAIRMAN. It is in Treasury?

Col. SMITH. Yes, sir.

Mr. SISSON. It is a question of whether we want to reappropriate this much money?

Col. SMITH. That is what it really means.

The CHAIRMAN. What is the matter with this ship? Why is it necessary to have her reconditioned now, just at this season of the year?

Col. DALTON. The history of this ship——

The CHAIRMAN (interposing). It is not a deficiency?

Col. DALTON. It is not a deficiency.

The CHAIRMAN. We will not consider it, if it is not.

Col. DALTON. There is a letter from the Secretary——

The CHAIRMAN (interposing). We may just as well settle that now and waste no time on it. We do not want to consider anything in connection with this bill which is not a deficiency, and an urgent one at that.

TUESDAY, FEBRUARY 21, 1922.

ORDNANCE DEPARTMENT.

STATEMENTS OF MAJ. GEN. CLARENCE C. WILLIAMS, CHIEF, ACCOMPANIED BY MAJ. STUART, ASSISTANT.

REMOVAL OF ORDNANCE STORES.

The CHAIRMAN. For "Removal of ordnance stores: For the handling and transportation of ordnance stores in connection with the evacuation of ordnance depots located at or near South Amboy, N. J., $1,642,351." What is the important necessity for this? This is a deficiency?

Gen. WILLIAMS. It is really a supplemental estimate, rather than a deficiency.

The CHAIRMAN. Where will you move these stores to?

General WILLIAMS. To permanent storage places. These are temporary. We have permanent storage near Perth Amboy, N. J., near Wilmington, Del., and at other places.

The CHAIRMAN. What are the principal stores?

Gen. WILLIAMS. Ammunition largely, and components of ammunition, and likewise some small-arms material.

The CHAIRMAN. What do you do with this ammunition; hold it forever?

Gen. WILLIAMS. We hold it until it is expended in target practice or becomes unserviceable through deterioration of some of its parts.

The CHAIRMAN. Do you think it is worth while to transport clear across the continent supplies that will be depreciating so that they will not be of value after transportation?

Gen. WILLIAMS. It will last 20 years. Furthermore, these stores would not be transported across the continent but only to the nearest permanent storage. The average haul will not exceed 150 miles.

The CHAIRMAN. Why not sell them?

Gen. WILLIAMS. That would rob the Government of its reserves.

The CHAIRMAN. How much of a reserve supply have you on hand?

Gen. WILLIAMS. We have specified each particular caliber and each particular piece. I can give that to you.

The CHAIRMAN. What is the percentage of the reserves?

Maj. STUART. We have only enough to last an army of 1,000,000 men 4½ months.

Gen. WILLIAMS. We base our reserves on the time which would be necessary to bring in new production in order that the supply of the Army would never fail. That is, we must have enough on hand to tide over that period.

The CHAIRMAN. While you are manufacturing a new supply?

Gen. WILLIAMS. Yes, sir.

PRESENT STORAGE PLACES OF AMMUNITION.

Mr. SISSON. You do not mean that all the ordnance supplies are at this place?

Gen. WILLIAMS. No. We have certain temporary depots which are entirely temporary construction, magazines and storehouses. We propose to move the reserve supplies out of these temporary depots. so that we may salvage all the rest of the material.

Mr. SISSON. Are any of them rented?

Gen. WILLIAMS. Two are entirely on leased land and part of the site of a third is leased.

Mr. SISSON. Do you know how much you pay?

Gen. WILLIAMS. In one particular case, the Woodbury depot in New Jersey, we pay at least $50,000 per year.

Maj. STUART. At Woodbury there is one tract of 1,800 acres that we lease, for which we pay $35,000 plus taxes, or about $42,000 per year.

The CHAIRMAN. You would not have room if you moved?

Maj. STUART. Yes, sir.

Mr. SISSON. It is Government-owned property?

Gen. WILLIAMS. It is Government-owned property in most cases. In a few cases the Government gets property by lease.

Mr. SISSON. Woodbury is where you pay $50,000?

Gen. WILLIAMS. Yes, sir.

The CHAIRMAN. There is no Woodbury enumerated in this list?

Gen. WILLIAMS. If you will go down two or three lines you will find Westville. Woodbury depot is near Westville.

The CHAIRMAN. How long would it take to remove this supply if you had the money?

Maj. STUART. By January 1, 1923, at the end of this calendar year.

The CHAIRMAN. Why do you want this money as a deficiency?

Maj. STUART. We want to start immediately.

The CHAIRMAN. This bill only provides for funds until June 30, and you could not use the money until the end of the calendar year 1922.

Maj. STUART. If we can get out we can eliminate the expense. The sooner we get out the sooner we can eliminate the expense. The only chance we have to get money now is in this deficiency bill, since the estimates for the regular appropriation bill have already gone through. We can obligate the funds and they will carry the work to completion.

The CHAIRMAN. The regular appropriation bill for the Army has not gone through.

Mr. SISSON. These places are very expensive in their overhead: you have to have a certain number of officers and men. I am ex-

tremely anxious personally to carry out the program of the Secretary of War and save these overhead expenses. I realize the number of men that go with a regular establishment.

Gen. WILLIAMS. They are not classed as of the Regular Army, because most of the people around these places are civilian employees.

The CHAIRMAN. But you have some officers?

Gen. WILLIAMS. Yes; at least one at each place. We have permanent storage at other places, and it is simply a question of getting the stuff into the permanent storehouses.

Mr. BYRNS. You would not require any additional civilian employees at these other permanent storehouses, would you?

Gen. WILLIAMS. A few only.

Mr. BYRNS. Then, you would not save so much.

The CHAIRMAN. They do not save as much as they talk about saving, but they transfer the cost from one place to another. Sometimes the stuff transferred is not worth the cost of transferring it.

Mr. BYRNS. Did I understand you to say that you would require any other additional civilian employees at the other permanent places?

Gen. WILLIAMS. Yes, sir; at each permanent establishment we have now an organization. If this material is moved into the permanent establishments, the organization, in some cases, would have to be slightly increased to look after the additional stores and keep the records of them. Perhaps the number of employees might be increased two or three in the average case.

Mr. SISSON. I do not know just exactly how this will be. You have a certain pay roll here, and I would like to know what it will be when you change it.

Maj. STUART. The increase will be insignificant.

AMOUNT OF STORES TO BE MOVED AND COST OF MOVING.

Mr. SISSON. I wish you would give the committee a statement showing the actual amount of this material.

Gen. WILLIAMS. We will do so.

NOTE.—The amount of stores to be moved from each establishment is as follows:

Establishment.	Tonnage to be moved.	Cost of moving.
Morgan General Ordnance Depot	21,888	$137,290
Amatol Ordnance Reserve Depot	37,889	404,700
Woodbury Ordance Reserve Depot	9,362	72,618
Seven Pines Ordnance Reserve Depot	11,364	207,294
Penniman Ordnance Reserve Depot	13,505	205,301
Sparta Ordnance Reserve Depot	3,427	57,860
Toledo Ordnance Reserve Depot	36,420	244,012
Tullytown Ordnance Reserve Depot	8,452	91,918
Middletown Ordnance Reserve Depot	19,812	221,358
Total	161,619	1,642,315

This class of material and tonnage consists of the following:

	Tons.
Fixed ammunition and loaded shell	24,779
Propelling charges and bulk smokeless powder	22,782
Fuzes and primers	669
Nitrates	19,070

	Tons.
Bulk high explosives	1,825
Small arms ammunition	167
Empty shell, boosters, and other metallic components	92,327
Total	161,619

The CHAIRMAN. We want you to show where the saving will be.

Gen. WILLIAMS. You want an itemized statement of the $400,000.

The CHAIRMAN. We are asked to appropriate $1,642,351, and there should be some reason given for asking it. You have not given any reason yet.

VALUE OF STORES TO BE MOVED AND COST OF MAINTAINING DEPOTS.

Mr. SISSON. Also, please state for the record what your salvaging proposition will probably amount to.

Gen. WILLIAMS. We have given you that in the letter. The estimate is $3,500,000 as the value of salvaging of those places.

Mr. SISSON. You might give us some of the large items that make up that amount of money.

The CHAIRMAN. We would like to know what the value of that material is, and we want to know whether there will be any real saving in transporting it away from these places.

Gen. WILLIAMS. Its value to the Government is its cost to the Government.

The CHAIRMAN. Of what good will it be if we are called upon to use it later?

Gen. WILLIAMS. If we are called to use it within 15 or 20 years, it will be good, and, in so far as the metallic components are concerned, their life is indefinite.

The CHAIRMAN. Would it not be getter to melt it down and build it up over again?

Gen. WILLIAMS. Not in the opinion of anybody in the military service.

The CHAIRMAN. It would cost less, and the material would be more useful when you got through with it.

Gen. WILLIAMS. I do not think so.

The CHAIRMAN. A lot of people do not agree with you about that, and I am one of them. My judgment is that you are simply wasting money in storing a lot of junk that will be of no value if you are ever called upon to use it. If the occasion ever arises for its use, I predict that it will be found to be of no value.

Maj. RICE. It is possible that the committee may overlook the fact that it takes from 12 to 15 months to manufacture ammunition. Every time our country has gone to war it has been found to be short of ammunition, and the Army has been criticized because it could not produce the ammunition.

Mr. SISSON. We have been short of everything except victory.

The CHAIRMAN. All of this stuff will be put away in storage rooms and allowed to rust. It will not be worth a cent five years from now.

Gen. WILLIAMS. We carefully watch this ammunition. We inspect it carefully from year to year to see whether it has gone bad or not.

The CHAIRMAN. You will come back and say that it has gone bad. We want that detailed statement.

Gen. WILLIAMS. We will supply that.

Maj. STUART. You want an itemized statement?

The CHAIRMAN. We want to know what you will save, how you will save it, and what is the value of the material that will be transported.

Maj. STUART. That is $110,000,000.

The CHAIRMAN. We also want to know what you will do with the $1,642,000 and why you need it now instead of after the 1st of July. We want to know why you consider it a deficiency.

STATEMENT SHOWING SALVAGE VALUE AND COST OF MAINTAINING ALL TEMPORARY ORDNANCE DOPOTS TO BE EVACUATED.

After the armistice it was found necessary to develop immediately extensive storage facilities for ammunition, explosives, powder, etc., in order to remove dangerous accumulations in thickly populated districts, to receive material from commercial plants manufacturing munitions so that these plants could resume production of commercial material, and to take care of ammunition returned from overseas. This necessitated the use not only of the permanent storage facilities which had been constructed during the war, but also the temporary bag and shell loading plants which were converted into temporary storage depots. It was also necessary to establish depots in sparsely settled regions for the large quantities of T. N. T. and other explosives accumulated near the shell-loading plants. As soon as this work was well under way, consideration was given to a permanent solution of the problem relative to the disposition of this material which confronted the War Department.

The steps in the solution of this problem were as follows:

(1) Determination of a mobilization plan in the event of another emergency, and the computation of the ammunition reserve required to meet this plan.

(2) Adoption of a policy for the proper strategic location of the ammunition reserve.

(3) Construction at the points selected of permanent storage facilities.

(4) Movement of the reserve ammunition into these permanent storage facilities.

The first, second, and third steps were completed, and the movement of the reserve material was just commenced when a shortage of funds for transportation developed, necessitating the temporary abandonment of the project.

During the past year it became apparent that the mobilization plan adopted, and upon which the ammunition reserve was based, would involve an expenditure of funds which would be out of the question.

Since the regular estimates for the fiscal year 1923 were submitted, a new mobilization plan on a much more moderate scale was approved by the War Department. A recomputation of the ammunition reserve required under this reduced plan was immediately undertaken.

After these computations had progressed to a certain point, it was found that nine of the temporary depots could be evacuated by moving the reserve stores contained in them into the nearest permanent establishments, regardless of strategic distribution for $1,642,351. This would permit the salvaging of plants having an estimated present salvage value of $3,500,000 and would save the money now being spent in maintaining them, which is practically thrown away.

The $3,500,000 itemized by establishment is as follows:

Establishment.	Location.	Estimated present salvage value.
Morgan general ordnance depot	Near South Amboy, N. J.	$500,000
Amatol ordnance reserve depot	Near Hammonton, N. J.	710,000
Woodbury ordnance reserve depot	Near Westville, N. J.	280,000
Seven Pines ordnance reserve depot	Near Seven Pines, Va.	380,000
Penniman ordnance reserve depot	Near Penniman, Va.	310,000
Sparta ordnance reserve depot	Near Sparta, Wis.	135,000
Toledo ordnance reserve depot	Near Toledo, Ohio	495,000
Tullytown ordnance reserve depot	Near Tullytown, Pa.	690,000
Total		3,500,000

Classes of material.

	Present salvage value[1]
Buildings	$1,040,000
Railroad trackage	430,000
Water, heating, and sewer systems	275,000
Power, light, and telephone systems	195,000
Equipment	850,000
Land	710,000
Total	3,500,000

The following table shows the cost of maintaining these plants for the fiscal years 1921 and 1922 and the estimate for 1923:

Depot.	Cost to Maintain—1921.	Cost to Maintain—1922.	Estimate for 1923.
Morgan general ordnance depot	$146,252	$110,525	$65,030
Amatol ordnance reserve depot	164,300	98,110	66,124
Woodbury ordnance reserve depot	71,000	95,353	71,228
Seven Pines ordnance reserve depot	58,500	39,150	24,094
Penniman ordnance reserve depot	102,294	36,725	13,901
Sparta ordnance reserve depot	99,559	62,750	45,199
Toledo ordnance reserve depot	30,200	40,160	26,959
Tullytown ordnance reserve depot	64,900	59,500	49,217
Middletown ordnance reserve depot	59,700	42,000	35,533
Total	796,705	584,273	397,385

From this table it would appear that the saving in yearly maintenance cost would be about $400,000. As a matter of fact it will be much more, probably more nearly twice this figure, for the reason that most of these plants have about reached the end of their life, and without extensive repairs will hold together but a short time longer, especially due to the fact that for reasons of economy repairs heretofore made have been deliberately limited to those of an emergency nature on the chance that the stores would be removed before the buildings gave way. This is shown in the decrease in the yearly cost indicated above, instead of an increase, as would normally be expected with plants of this character.

Temporary facilities of this nature can be expected to have a life of about five years. Inspections recently made showed that this expectation is just about correct and that unless unreasonable sums are spent in practically rebuilding the facilities they will go to pieces within the next 12 or 18 months.

As against the saving indicated above there will be slight increases in the present organizations at the eight permanent depots into which the stores will be moved, as follows:

Eight clerks, one-half time, at $1,200 average	$4,800
Ten laborers, at $1,000	10,000
Material	2,000
Total	16,800

No increases in maintenance of buildings, equipment, etc., at the permanent depots will be required. So far as can be foreseen the additional expense at permanent depots will be $16,800, and it certainly will not exceed $20,000. On the other hand, in connection with savings, no account has been taken of the decrease in salvage value of the temporary plants from year to year, which would be far more than $20,000.

The reduced ammunition reserve being retained is considered by the War Department to be the minimum which will give this country a reasonable degree of preparedness. The stores to be moved, and which cost the Government $110,680,000, are a part of this reserve, and if salvage would entirely unbalance the stocks, since it would leave us with shells without powder charges, charges

[1] Salvage value is as of February, 1922, and will further diminish from year to year as the property deteriorates. Middletown depot not to be salvaged; to be turned over to Air Service to receive stores from Fairfield, Ohio, air depot, which must be evacuated.

without shells, shells without fuzes, etc. For this reason the War Department can not accept responsibility for salvaging these stores, and must continue to operate these establishments unless relieved of this responsibility by a direct mandate from the Congress.

If the appropriation is not granted it will be necessary for the War Department to proceed immediately with extensive repairing of the temporary facilities with funds now on hand, and which it was expected to turn into the Treasury. If the amount asked for is appropriated it will be used to pay the cost of moving the stores to permanent storage, including both the freight and handling charges, and the shipments will commence immediately after these funds become available.

While perhaps not strictly a deficiency in that no obligation of the amount has already been incurred, it is considered that the inclusion of the item in the deficiency bill is necessary and in the interests of the Government, since the only object of the expenditure is to save money, and the saving can not commence until after the stores are removed. It will take an average of nine months to remove the stores after the funds become available. Since every day of delay is costing the Government over $1,000, the advisability of making the money immediately available is obvious.

TUESDAY, FEBRUARY 21, 1922.

ENGINEER DEPARTMENT.

STATEMENT OF COL. JAMES G. STEESE, PRESIDENT ALASKA ROAD COMMISSION.

CONSTRUCTION AND MAINTENANCE OF ROADS, BRIDGES, AND TRAILS IN ALASKA.

The CHAIRMAN. Your item is as follows:

Construction and maintenance of roads, bridges, and trails, Alaska: The Secretary of War may authorize the board of road commissioners for Alaska to incur obligations prior to July 1, 1922, for the construction and maintenance of roads, bridges, and trails in Alaska of not to exceed 75 per cent of the appropriation for this purpose for the fiscal year ending June 30, 1922, payment of these obligations to be made from the appropriation for the fiscal year ending June 30, 1923.

What have you to say about that?

Col. STEESE. That will enable us to start immediately with the purchase of forage, bridge material, etc., so that we can begin to ship it into Alaska over the snow before it goes out this spring, in order that we may be ready to transport our materials before the spring break-up on the rivers, which occurs just before the end of the fiscal year. Otherwise we would have to wait until the money in our regular annual appropriation became available. This means a saving of a great many thousands of dollars, because the money we get now would go much further than it would go at the beginning of the fiscal year. That is true because freighting over the snow is much cheaper than freighting over land, and many outlying districts can not be reached unless we start early in the spring. Boats must leave Seattle in May or early in June for points on the upper Kuskokwim and the upper Yukon Rivers. A striking example of the advantage of this provision might be given from our operations up there last year. We had the material for one bridge, amounting to probably $15,000 in value or between fifteen and twenty thousand dollars, and we could not get that material ready for shipment until the last boat.

That boat got caught in the ice on the Yukon River; and, instead of being able to put in the bridge last winter, it had to go over. It cost us $1,200 to patch up a very old bridge to carry the traffic for another year, and the work of constructing the new bridge had to be put off for an entire year. We did not spend all of the $15,000 for that bridge then and the material for it was laid down near the site; but that $1,200 that we did spend in keeping the traffic open by repairing the old bridge was money practically thrown away. It means that, so far as work in Alaska is concerned, money made available in time goes very much further than it otherwise would.

The CHAIRMAN. You mean that the climatic conditions up there are such that you have to work in advance of the fiscal year?

Col. STEESE. Yes, sir; the beginning of the fiscal year catches us at about the middle of the working season, and we must start several months ahead of the actual construction work so as to have the material on the site. In many cases we start the men ahead of time in order to take advantage of the open weather early in the spring.

TUESDAY, FEBRUARY 21, 1922.

RIVER AND HARBOR WORK.

STATEMENT OF MAJ. STUART C. GODFREY.

PAYMENT OF CLAIMS.

The CHAIRMAN. For the payment of claims adjusted and settled under section 4 of the river and harbor appropriation act approved June 25, 1910, and section 9 of the river and harbor appropriation act approved June 5, 1920, and certified to Congress during the present session in House Document No. 168, you ask for $1,105.37.

Maj. GODFREY. Those claims have all been adjusted and settled in accordance with the provisions of the river and harbor act of June 25, 1910, and the river and harbor act of June 5, 1920, which provide for compensation for the actual damages in cases of collision between Government vessels and private vessels or structures. The total amount involved in these three claims is $1,105.37.

AUTHORITY TO ADJUST CLAIMS IN EXCESS OF $500.

The CHAIRMAN. I notice one item of $839. Is not that above the limit of the authority?

Maj. GODFREY. It is above the limit of the authority of the Chief of Engineers to settle but not to adjust.

The CHAIRMAN. Has he the power to do anything in regard to claims of over $500?

Maj. GODFREY. Yes, sir; he has power to make adjustments and then report the matter to Congress.

Mr. SISSON. That leaves it in the shape of a claim. There is no legislative warrant here that would not be subject to a point of order for the settlement of any amount over and above $500, as pro-

vided by law. They have sometimes scaled these matters; but they should be reported to the Committee on Claims.

Maj. GODFREY. That provision of the act of 1910 was amended by section 9 of the river and harbor act approved June 25, 1920.

The CHAIRMAN. What does that provide?

Maj. GODFREY. It now provides that the Chief of Engineers, subject to the approval of the Secretary of War, shall have authority to adjust and settle claims for damages in cases where the damage does not exceed $500, and to pay the same from the appropriation directly, and to report those that exceed $500 to Congress for its consideration.

Mr. SISSON. He shall report them to Congress for its consideration, and that means they would go to the Committee on Claims. That does not give those claims any standing or prestige over any other claims.

The CHAIRMAN. The only claims we can take under consideration are the ones for $199.19 and for $67.18.

Mr. BYRNS. You read a moment ago a provision relating to claims amounting to over $500.

Maj. GODFREY. The law provides that we shall report such claims as exceed $500 to Congress for its consideration.

Mr. BYRNS. Do you do anything in the way of adjusting them?

The CHAIRMAN. He has no authority to adjust anything over $500.

Mr. BYRNS. I wondered if it gave the Chief of Engineers the right to adjust such claims?

Maj. GODFREY. Yes; that is my understanding—that is, to arrive at an agreement as to what would be accepted in final settlement.

Mr. SISSON. The question of whether that is a correct finding or not would go to the Court of Claims like any other claim.

Maj. GODFREY. Claims that can not be adjusted under the above-quoted law will depend upon special acts of Congress authorizing reimbursement. Our understanding is that we do not now have to report claims under $500. The only reason they are reported in this case, those less than $500, is because they occurred prior to the passage of the second act referred to. Our understanding and our instructions to the district engineers are that those claims not exceeding $500 will be promptly paid by the district engineers from the appropriation that is directly involved.

Mr. SISSON. You would have to get witnesses here to establish these claims.

Maj. GODFREY. We have the original papers.

Mr. SISSON. But we would have the right to cross-examine the officers on them.

Maj. GODFREY. These two particular claims arose prior to the date of the amending act. Under the old act we had to report the claims, no matter what the amount of them might be. One of these arose on January 14, 1917, and another on March 5, 1920, both of them being prior to the act of June 5, 1920, which is the date of the amending act. Therefore, we are reporting them under the provisions of law which have governed us for many years. However, our understanding is that under this act of June 5, 1920, we are to no longer report any claims below $500 in amount, but we do report those above $500,

after reaching a tentative agreement or adjustment with the parties concerned.

Mr. SISSON. You do actually make a report to the Secretary of War, and he reports them to Congress in his annual report?

Maj. GODFREY. We make a full report.

Mr. SISSON. It will not be long before we have a system of bureaucracy built up in this country that will be tantamount to so many courts. They will take the jurisdiction of the Court of Claims.

Maj. GODFREY. I would like to say in regard to these claims that we have eliminated from them all indirect charges. It is the tendency of the individuals making claims to desire not only actual reimbursement for their damages, but demurrage, expenses for their boats while laid up, etc., but all of those charges have been eliminated. These represent the actual expenses that are reimbursable on account of the damages to the vessels involved.

TUESDAY, FEBRUARY 21, 1922.

DISPOSITION OF REMAINS OF OFFICERS, ENLISTED MEN, AND CIVILIAN EMPLOYEEE.

STATEMENT OF COL. GEORGE H. PENROSE, QUARTERMASTER CORPS.

The CHAIRMAN. Your item is as follows:

The Secretary of War is authorized to expend not to exceed $856,680 of the appropriation, "Disposition of remains of officers, soldiers, and civilian employees," in the act making appropriations for sundry civil expenses of the Government for the fiscal year ending June 30, 1922, and for other purposes, approved March 4, 18921, for purchase of such real estate as is necessary to establish suitable burial places in Europe for American military dead, and for suitable and necessary improvements thereon, of which not to exceed $111,000 may be applied to the purchase of land as follows: Aisne-Marne, $20,000; Suresnes, $9,000; Somme, $11,000; Brookwood, $31,000; St. Mihiel, $15,000; Oise-Aisne, $20,000; Flanders Field, $5,000.

STATUS OF 1922 APPROPRIATIONS.

How much of the money set apart for this purpose has been expended?

Col. PENROSE. We have ample funds.

The CHAIRMAN. How much of the money set apart has been expended?

Col. SMITH. I have the exact figures. The unobligated balance in the appropriation for the fiscal year 1921 is $5,162.53, and we have $5,835,086.02 as the unexpended balance pertaining to the appropriation for the fiscal year 1922.

The CHAIRMAN. Tell us how much of this money has been spent so far and how much now remains.

Col. PENROSE. $31,000,000 was the original appropriation, and we have expended $23,864,413.73.

The CHAIRMAN. What is the balance?

Col. PENROSE. The balance is $7,132,586.27.

The CHAIRMAN. As of what date?

Col. PENROSE. At the end of 1922.

The CHAIRMAN. At the end of the fiscal year 1922?

Col. PENROSE. Yes, sir.

The CHAIRMAN. How much of this unexpended balance will be expended this year, or what will be your balance if you are allowed this authority that you seek here? How much will your unexpended balance be then?

Col. PENROSE. Approximately that much less.

The CHAIRMAN. Well, how much is it?

Mr. BYRNS. There seems to be some difference in those statements.

Col. SMITH. My record is from the Chief of Finance. I obtained the unobligated balances for 1921 and 1922.

Mr. BYRNS. But your statement includes the obligated and unobligated balances?

Col. SMITH. The total unobligated balance is $5,840,248.55.

Mr. SISSON. I would like to have those statements verified.

Col. SMITH. That does not represent the absolutely unexpended balance, but procurement authorities have been issued for specific purposes.

NOTE.—The following is the status of the appropriations in question, as shown by the records of the office of the Chief of Finance:

"Disposition of remains of officers, soldiers, and civilian employees, 1922":	
Appropriated	$1,000,000.00
Transferred from 1921 appropriation	9,000,000.00
Total	10,000,000.00
Apportioned	10,000,000.00
Unobligated balance—	
Third quarter	5,735,086.02
Fourth quarter	100,000.00
Total	5,835,086.02
"Disposition of remains of officers, soldiers, and civilian employees, 1921":	
Appropriated	21,549,000.00
Transferred from 1921 to 1922 appropriation	9,000,000.00
	12,549,000.00
Apportioned	9,549,000.00
Saving	3,000,000.00
	12,549,000.00
Unobligated balance	5,162.53
Total unobligated balance, 1921 and 1922	5,840,248.55

The CHAIRMAN. Both of the statements may be correct. One represents the obligated balance and the other the unobligated balance?

Mr. BYRNS. That is what I was trying to ascertain.

Mr. SISSON. How much will you expend this year out of that fund for purposes authorized by the statute?

Col. PENROSE. For 1922 we expect to spend approximately $6,315,300.92.

Mr. SISSON. That is for the removal of how many dead?

Col. PENROSE. We have already removed 44,000 and something over, and there are remaining in France about 33,000.

The CHAIRMAN. How many were brought home during 1922?

Col. PENROSE. I have not that figure.

The CHAIRMAN. You may supply that for the record.

Col. PENROSE. I will do so.

NOTE.—Total number of bodies returned to the United States since January 1, 1922, up to February 24, 1922, 1,007.

Mr. SISSON. Do you expect those still in France to remain there?

Col. PENROSE. We expect about 1,100 that are still there to come home.

Mr. SISSON. That expense will be paid out of this unexpended balance?

Col. PENROSE. Yes, sir.

Mr. SISSON. About what will that amount to?

Col. PENROSE. On an average, about $232.11.

Mr. SISSON. That includes caskets and transportation?

Col. PENROSE. Yes, sir.

Mr. SISSON. So that the fund at the end of the fiscal year will not be $5,000,000?

The CHAIRMAN. Yes; it would be.

Col. SMITH. It might be more.

Mr. SISSON. Those 1,100 men are accounted for in that $2,000,000 which would come out of the $5,000,000 unobligated balance?

Col. PENROSE. We will have that at the end of the fiscal year.

Mr. SISSON. Five million dollars?

Col. PENROSE. Yes, sir.

Mr. SISSON. That, of course, is simply an estimate?

Col. PENROSE. Yes, sir.

The CHAIRMAN. Will the remains of those 1,100 be brought back during this fiscal year?

Col. PENROSE. Yes, sir; we will bring them back during this fiscal year.

The CHAIRMAN. So that, as a matter of fact, the expenditures for this and all other purposes will leave you a little over $5,000,000 balance at the end of the year?

Col. PENROSE. Yes, sir.

The CHAIRMAN. How much of that do you expect to spend for any other purposes?

Col. PENROSE. For this fiscal year?

The CHAIRMAN. For any time.

Col. PENROSE. For the next fiscal year we expect we will need as a working balance approximately $250,000, exclusive of any of those improvements on the permanent cemeteries in Europe. There will be a certain amount of transportation involved in moving them from isolated cemeteries, because we are now concentrating the bodies in the permanent cemeteries.

The CHAIRMAN. That $250,000 will become virtually an annual charge, then?

Col. PENROSE. No, sir; only for 1923.

The CHAIRMAN. That will continue?

Col. PENROSE. No, sir; it will simply involve the upkeep of these cemeteries.

The CHAIRMAN. Of course, there will be some charge from those who must look after them?

Col. PENROSE. Yes, sir.

Mr. SISSON. That will be an excuse for wonderful and princely expenditures of money, and we will not be able to deny them.

Col. PENROSE. I do not believe it will, and I do not see any reason why it should be.

Mr. SISSON. I do not either, and the only reason which will be assigned is that we ought to glorify our dead heroes.

Col. PENROSE. And that can be done with a moderate amount.

Mr. SISSON. And nobody will be found with nerve enough to vote against those propositions.

Col. PENROSE. I do not see any necessity for it. We have these cemeteries to keep up and we can estimate to-day approximately what it is going to be. The first two or three years after we complete this work the upkeep will be very little. We seriously need this money to go on with our work and we are going to turn back quite a sum when we get through. We are not asking any more money; what we want to do is to have authority to spend the money we now have for the purpose stated in the bill.

Mr. SISSON. You have all the money you need but you need some legislation to authorize you to spend the money you already have?

Col. PENROSE. Yes, sir.

PROPOSED LAND TO BE PURCHASED—COST OF.

Mr. SISSON. How much land do you expect to get?

Col. PENROSE. There will be 130 acres at Romagne; at Belleau Woods, 34 acres.

Mr. SISSON. And you estimate $20,000 for it?

Col. PENROSE. It is estimated at $20,000; yes, sir. At Suresnes, near Paris, 7½ acres.

Mr. SISSON. How much is that?

Col. PENROSE. That is cut out.

The CHAIRMAN. They are going to give you that land?

Col. PENROSE. Yes, sir. At Bony, the Somme, there will be 22 acres; at Brookwood, 4¼ acres; that is an improved cemetery to a large extent; St. Mihiel, 30 acres.

The CHAIRMAN. You have done away with Romagne?

Col. PENROSE. No, sir; but France has already given us the land at Romagne. Serringes at Nesles, 48 acres; Waereghem, Belgium, 5 acres.

The CHAIRMAN. They are giving you that land?

Col. PENROSE. The Belgian Government cabled the other day that they would be willing to cede that land, but we have not completed the papers as yet. That is a total of 280¾ acres.

The CHAIRMAN. You cut out two items, one of $9,000 and one of $5,000?

Col. PENROSE. Yes, sir; and we have cut down Brookwood from $31,000 to $23,182.50.

The CHAIRMAN. Have you cut anything else?

Col. PENROSE. No, sir; not that we know of now.

TUESDAY, FEBRUARY 21, 1922.

STATEMENT OF MAJ. GEN. LANSING H. BEACH, CHIEF OF ENGINEERS.

LEGISLATION FOR EXPENDITURES MADE FOR TEMPORARY SANITARY MEASURES AT PUEBLO, COLO.

The CHAIRMAN. We will take up the next item, which reads:

The action of the Secretary of War in directing the expenditure of funds from the appropriations "General appropriations, Quartermaster Corps, 1921," for temporary sanitary measures at Pueblo, Colo., under the provisions of Public Resolution No. 5, approved June 8, 1921, is approved, and funds so expended shall be allowed in the settlement of accounts of officers of the Army, regardless of whether such expenditures were for obligations incurred during the fiscal year 1921 or the fiscal year 1922.

Tell us what this was all about.

Gen. BEACH. I would state that I had nothing whatsoever to do with the expenditure of that money; that I was sent out to the locality by the Secretary of War to confer with the people of Pueblo to see what could be done with regard to the prevention of any such disaster again, and the information which I can give you is only in connection with what I learned when out there about the conditions during the flood and such as are given by the report of the officer who was there in charge.

The CHAIRMAN. This was where they had a terrible catastrophe in the form of a flood at Pueblo a couple of years ago?

Gen. BEACH. No, sir; it was last June.

The CHAIRMAN. That was not a very severe flood, was it? They had one a few years ago that was terrific.

Gen. BEACH. This is the worst one they have ever had. It caused a property loss of about $10,000,000 and considerably over 100 lives were lost. The total number of lives will probably never be known, because the lower section of the city, the part that was inhabited by the poorer class, was swept absolutely bare; some whole families were lost and there is no way of making a check.

The CHAIRMAN. How much was expended that is proposed to be covered by this legislation?

Gen. BEACH. Is not the amount given?

The CHAIRMAN. It is not; no. There is no mention of what the amount is.

Col. SMITH. I have some of the details. The amount authorized to be expended was $206,000; payments have been made and obligations incurred to the amount of $205,743.43; there are a few obligations the amount of which have not yet been definitely ascertained, but it is probable that the amount authorized to be expended will cover the obligations.

The CHAIRMAN. This was authorized by the Secretary of War, was it?

Col. SMITH. Yes; in pursuance of resolution, Public, No. 5.

The CHAIRMAN. What is the necessity for this legislation if the Secretary authorized it?

Col. SMITH. It is an approval and ratification only.

The CHAIRMAN. There is no sense in that.

Mr. BYRNS. If it requires approval I do not think we have jurisdiction.

RELIEF OF SUFFERERS OF FLOOD AND STORM AT CORPUS CHRISTI, TEX.

The CHAIRMAN. The item for Corpus Christi, Tex., is on the same basis, is it not?

Col. SMITH. Yes.

The CHAIRMAN. I do not think they require approval. These things were done by authority of law, were they not?

Col. SMITH. My understanding is that they were.

The CHAIRMAN. Then, that ought to end it.

Mr. BYRNS. The only object of this would be to secure additional legislation.

Col. SMITH. In order that the accounts of the disbursing officers may be passed.

Mr. BYRNS. The accounts of the disbursing officers will be passed under the regulations, I should think.

Col. SMITH. I think it will take congressional authority before the accounting officers would pass them.

Mr. BYRNS. It is not an appropriation, but a matter of legislation.

Col. SMITH. No appropriation is required.

Mr. SISSON. I really think it is a matter for the Committee on Military Affairs.

The CHAIRMAN. These are matters of legislation, and we have no legislative jurisdiction. We are making appropriations, and these are not appropriations.

Mr. SISSON. These gentlemen may be in trouble about their books.

The CHAIRMAN. We do not keep their books.

Mr. SISSON. I know that, and you should get the Committee on Military Affairs to straighten out the matter for you.

TUESDAY, FEBRUARY 21, 1922.

PAYMENT OF CLAIMS OF CRANFORD PAVING CO., LITTLEFIELD, ALVORD & CO., AND CHRISTIAN HEURICH.

STATEMENT OF LIEUT. COL. CLARENCE O. SHERRILL.

The CHAIRMAN. You have an item reading:

Payments of claims of the Cranford Paving Co. et al.: To pay the Cranford Paving Co., $16,766.66; Littlefield, Alvord & Co., $1,479.80; and Christian Heurich, $1,531.36, as adjudged by the Supreme Court of the District of Columbia upon its findings of fact, $19,777.82.

Tell us about these claims and whether these cases are on appeal or whether the judgment is final.

Col. SHERRILL. The judgment is final.

The CHAIRMAN. Tell us about the facts.

Col. SHERRILL. These cases were brought before the Supreme Court of the District of Columbia to determine the rights of the United States in certain lands adjoining the proposed Rock Creek and Potomac parkway, which were occupied by certain private cor-

porations, which corporations had made improvements on these lands and had occupied them for a great number of years. The court found that the title to the lands was in the United States, but decided that on account of the fact that they had through this great number of years been allowed to make improvements on the sites that they should be paid a reasonable amount for such improvements, and the court so ordered.

Mr. SISSON. What court did that?

Col. SHERRILL. The Supreme Court of the District of Columbia.

Mr. SISSON. And the Government did not appeal that case to the Supreme Court of the United States?

The CHAIRMAN. Is there time for an appeal?

Col. SHERRILL. This was December 12, 1916.

Mr. SISSON. And the Government attorneys did not appeal to the Supreme Court of the United States?

Col. SHERRILL. They did not; at least, I have no record of any appeal.

Mr. SISSON. So the Government must hire a lot of watchers to see that people are not building on the vast public domain and that somebody does not squat on a corner of the Capitol? That seems to be the principle established there. I am not blaming you, but I am just wondering who the attorney was representing the United States Government.

The CHAIRMAN. You say this happened in 1916. Why was not this brought to the attention of Congress before, if it was in 1916 that this judgment was rendered?

Col. SHERRILL. This was brought to the attention of the chairman of the Appropriations Committee in a letter addressed to the chairman December 19, 1920.

Mr. SISSON. I want to say to you now that I am utterly opposed to that, notwithstanding the fact that it is a judgment. I think it is wrong. In other words, if that principle is sound, the Government of the United States must be continually sending people out to report who is squatting on every foot of land the Government owns.

The CHAIRMAN. I do not see why we should pay a lot of people who were squatters.

Mr. SISSON. They are in the nature of trespassers.

The CHAIRMAN. What good are these improvements to the Government after it pays for them, if it should pay for them?

Col. SHERRILL. I do not think they would be of any value; at least, the decision was not made on the basis of that at all.

The CHAIRMAN. On what was the decision based?

Col. SHERRILL. I have a copy of the decision.

The CHAIRMAN. Why do you submit these things to us at all?

Col. SHERRILL. I submit this as the result of a letter from the clerk of the Supreme Court of the District of Columbia or, I should say, the Assistant Attorney General.

The CHAIRMAN. Who is he?

Col. SHERRILL. Frank R. Nebeker.

Mr. SISSON. When was the judgment rendered?

The CHAIRMAN. He says in 1916.

Mr. BYRNS. Do you know how long these parties occupied the lands? Do you know anything about the facts?

Col. SHERRILL. I know relatively little about the history of the case.

Mr. BYRNS. Do you know whether there was any question as to the Government's title?

Col. SHERRILL. Yes.

Mr. BYRNS. In other words, these parties went on the lands and occupied them. Did they do so with the idea that they owned them?

Col. SHERRILL. Whether they had the idea that they owned the lands or not I do not know; I think they considered they owned the lands, but how honest they were in their claims I do not know.

Mr. BYRNS. You know there is a statute in every State which provides that where there is a question about title and a party goes on land and occupies it openly, notoriously, and adversely for 20 years he gets the title to it, and it may be that some such element of fact entered into this case.

Mr. SISSON. But that is not the law with reference to the sovereign. The statute of limitations runs against an individual and a corporation but never against the Government or the sovereign, because there is nobody to watch for the Government.

Col. SHERRILL. I am not familiar with all the facts leading up to this decision; but I know where this area is, and it seems to me quite probable that nobody ever assumed that this belonged to the Government.

Mr. SISSON. The whole proposition is whether these lands belong to the State or the Federal Government.

Col. SHERRILL. It would depend entirely on where the high-water line was.

Mr. SISSON. The State or Government has title to every piece of land. If it is old States, like Virginia and Maryland, it would be the State of Virginia or the State of Maryland, but all the public domain is United States Government property. Every man is presumed to know his title. I suppose there are lots of cases where men have squatted on Government land and built themselves houses; but if anybody buys from them, they do it at their own peril, because the records of the courts are available for the purpose of showing title.

Col. SHERRILL. I can cite a case similar to this. I had a case some time ago farther up that Rock Creek Valley, where there was unquestioned title to a certain piece of land extending down to high water—you see, that belonged to a private party, and it was properly subject to private ownership, but in one of the transfers that was made of this property there was a great deal of doubt as to exactly how far out the high-water line went. Now, it might well have been that this case was similar to that case. You see, they might have had a certain amount of private property abutting upon United States property.

Mr. SISSON. But certainly there would be some title to show ownership.

Col. SHERRILL. But suppose the high-water line is not known at all?

Mr. SISSON. A man who buys land with the high-water line not legally fixed buys at his own peril.

The CHAIRMAN. Did these people own adjoining land?

Col. SHERRILL. I am not sure.

The CHAIRMAN. You do not know anything about it?

Col. SHERRILL. I do not know anything back of the decision of the court.

The CHAIRMAN. You do not know anything about the case at all?

Col. SHERRILL. Not the facts; no.

Mr. BYRNS. Undoubtedly the statute of limitations would not run against the Government; but I assume there must have been some question, such as you indicate, involved in this case, or certainly any United States district attorney would have taken an appeal.

Col. SHERRILL. If the committee wishes, I would be very glad to look up the actual facts leading up to this decision.

Mr. SISSON. I think that would be wise, because I can not conceive of any case where the Government loses any of its rights to its title.

Col. SHERRILL. I have the decision here if you would like to hear it. The decision might be a matter of interest, but it does not give all the facts.

Mr. SISSON. I want to know the facts, because up to date I repudiate that law.

Col. SHERRILL. The decision reads:

First. That the claims set forth in the answers of the defendants, Littlefield, Alvord & Co., a corporation; Christian Heurich; and the Cranford Paving Co., in or to the land, water, and land under water, including the shores and submerged or partly submerged land, as well as to the bed of the Potomac River and also the upland immediately adjacent thereto, including made land, as described in the bill of complaint, and within the boundaries and limits in the bill of complaint set forth, are hereby held and declared to be invalid, void, and of no effect.

Second. That the claims of each and all of said defendants to any rights, titles, and interests, easements, privileges, appurtenances, riparian or otherwise, improvements, wharves, wharf or water rights and privileges in the said described land, water, and land under water, or any portion thereof (except as to the compensation for improvements specifically provided for in the fourth paragraph hereof) are hereby held and declared to be invalid, void, and of none effect.

The CHAIRMAN. Under that decision I do no think there is anything to these claims.

Mr. SISSON. I do not think so. I can not conceive of that, because if that principle were followed it would destroy the Government: that is, if men could perpetuate those things.

Col. SHERRILL. The decision clearly sets forth that they have no right to the lands but that they do have to the improvements.

The CHAIRMAN. They could have taken the improvements off. I guess that is all as to this item.

TUESDAY, FEBRUARY 21, 1922.

HOUSE OF REPRESENTATIVES—CLERK'S OFFICE.

STATEMENT OF MR. WILLIAM TYLER PAGE, CLERK OF THE HOUSE OF REPRESENTATIVES.

CONTINGENT EXPENSES.

The CHAIRMAN. For miscellaneous items and expenses of special committees, exclusive of labor, unless specifically ordered by the House of Representatives, you have an estimate of $151,370.39. What is that for?

Mr. PAGE. The original appropriation for this purpose was $75,000, and there was a supplemental appropriation of $15,000, making a total of $90,000. The latter appropriation, it was understood, was for salaries alone.

The CHAIRMAN. For 1917 this appropriation was $162,000; for 1918, $120,000; for 1919, $238,827.25; for 1920, $425,325; and for 1921, so far, $90,000, and you are asking $151,307.39 more.

Mr. PAGE. Yes, sir. I will say that the average for the last 10 years has been $190,000.

The CHAIRMAN. If this amount is allowed, you will have had for 1921 $241,370.

Mr. PAGE. Yes, sir.

Mr. SISSON. That average has been brought up to that amount in the last year or two, has it not?

Mr. PAGE. No, sir; that is the average for the last 10 years.

The CHAIRMAN. For 1912 it was $190,000; for 1913, $210,375; for 1914, $157,000; for 1915, $115,000; for 1916, $82,500; for 1917, $162,000; for 1918, $120,000; for 1919, $238,827.21; for 1920, $425,325.76; for 1921, $235,000; and for this year there has been appropriated so far $90,000, and if this is allowed the appropriation for 1922 will be $241,370.39.

Mr. PAGE. Yes, sir.

SPECIAL AND SELECT COMMITTEES.

The CHAIRMAN. Tell us what is the necessity for this?

Mr. PAGE. That is all set forth in the letter to you of February 15. For special and select committees, the estimate is $14,724.37.

The CHAIRMAN. What committees are they?

Mr. PAGE. The Committee on the Reorganization of the Administrative Branches of the Government, the so-called Bergdoll investigating committee, the Joint Committee on the Reclassification of Army and Navy Pay, and the Committee on Ways and Means. Under a resolution of the House the Ways and Means Committee is treated as a special committee for this purpose, and then there is the Joint Committee on Agricultural Inquiry.

The CHAIRMAN. What does each one of those committees cost?

Mr. PAGE. At the present time the Joint Committee on Agricultural Inquiry is spending the most money. They are now about at the peak of their expenditures. Their life has been extended twice and possibly three times, and I understand that they will probably conclude their work about the middle of April. However, inasmuch as they have had these extensions, I have made this estimate up to and including the 30th of June. I think your colleague on the committee, Mr. Anderson, chairman of that committee, may want to say something about that. The Committee on the Reorganization of the Administrative Branches of the Government, like this Committee on Agricultural Inquiry, is paid for, half and half, by the Senate and the House. Our portion of their expenditures is somewhere around $3,000 per month. Then, there is the Committee on the Reclassification of Army and Navy Pay.

The CHAIRMAN. Is that a joint committee?

Mr. PAGE. Yes, sir.

The CHAIRMAN. Are their expenses paid on the half-and-half basis?

Mr. PAGE. Yes, sir. They have spent very little, because they are functioning right here on the ground. I am not advised as to what they have outstanding, but so far they have spent less than $100, of which we have been officially advised.

Mr. SISSON. Will you tell me why the expenses of the Joint Agricultural Committee are so great, or $6,000 per month?

Mr. PAGE. They have been very active.

Mr. SISSON. What does the expense consist of chiefly?

Mr. PAGE. Chiefly of clerical and expert assistance.

The CHAIRMAN. They have made a report?

Mr. PAGE. Several reports.

Mr. KELLEY. They have employed expert economists.

Mr. SISSON. If that is the case, I marvel at their moderation.

STATIONERY ALLOWANCE FOR MEMBERS.

The CHAIRMAN. What about this item of $250 for stationery?

Mr. PAGE. That should be for the first session of the Sixty-seventh Congress. Mr. Good, of Iowa, resigned, and his successor, Mr. Cole, came in during that session, and did not have any allowance. Then, Mr. Andrew, of Massachusetts, succeeded Mr. Lufkin during the extra session.

The CHAIRMAN. That should be for the first session of the Sixty-seventh Congress?

Mr. PAGE. Yes, sir; and not for the fiscal year 1922.

The CHAIRMAN. That is for the stationery allowance of these two extra men?

Mr. PAGE. Yes, sir; they came in during that session, and the allowances had been exhausted by their predecessors.

COMPILING THE LIST OF REPORTS.

The CHAIRMAN. What about this item of $5,000 for assistance rendered during the Sixty-seventh Congress in compiling the list of reports to be made to Congress by public officials, etc.?

Mr. PAGE. That estimate comes over to this committee from the legislative subcommittee, because it was considered to be a matter more within the purview of the deficiency subcommittee. It is $3,000 less than the appropriation in the Sixty-sixth Congress.

The CHAIRMAN. What does it mean? It reads, "For the assistance rendered during the Sixty-seventh Congress in compiling the list of reports to be made to Congress by public officials," etc.

Mr. PAGE. The various activities are set forth there in my letter and also in the item itself.

The CHAIRMAN. Suppose you read that.

Mr. PAGE. It consists of compiling the list of reports to be made to Congress by public officials, compiling copy, and revising proof for the House portion of the Official Register; preparing and indexing the statistical reports of the Clerk of the House; compiling the telephone and Members' directories; preparing and indexing the daily calendars of business; preparing the official statement of Mem-

bers' voting records; and for recording and filing statements of political committees and candidates for nomination and election to the House of Representatives, pursuant to the campaign contribution laws. The amount is $3,000 less than the former appropriation, on account of some reduction in the activities.

The CHAIRMAN. You have an estimate of $4,000 for certain services and expenses in connection with contested-election cases in the Sixty-seventh Congress.

Mr. PAGE. That same item has been carried in either the deficiency or the sundry civil bill for half a century.

The CHAIRMAN. Is it generally all used up?

Mr. PAGE. Yes, sir; it is calculated on the basis of the number of cases and the number of pages of testimony.

TUESDAY, FEBRUARY 21, 1922.

STATEMENT OF MR. ELLIOTT WOODS, ARCHITECT OF THE CAPITOL.

MAINTENANCE OF HOUSE OFFICE BUILDINGS.

The CHAIRMAN. Mr. Woods, we have before us an estimate for the maintenance of the House Office Bulding. It is not printed in the bill, but appears in House Document No. 191. As a rule, we do not send these estimates through the Bureau of the Budget, but I insisted that they should go through the Budget Bureau so as to be regular. There are certain items included in the estimate that we would like to have you explain.

Mr. WOODS. The sum total of the deficiency for the maintenance of the House Office Building is $49,875.

PAINTING.

The CHAIRMAN. Tell us what it is for.

Mr. WOODS. The first item is for painting.

The CHAIRMAN. What is the necessity for painting? Is it not in very good shape so far as painting is concerned?

Mr. WOODS. No, sir; it is not.

The CHAIRMAN. How many rooms need painting?

Mr. WOODS. That shows the total——

The CHAIRMAN (interposing). How many rooms are there in the building?

Mr. WOODS. There are 374 Members' offices, 108 committee rooms, and 33 toilet rooms, 50 miscellaneous rooms; a total of 565.

The CHAIRMAN. How long since they have been painted?

Mr. WOODS. Most of them have not been painted for at least six or seven years.

Mr. SISSON. A great many of them have been painted recently, have they not?

Mr. WOODS. I was going to tell you about the program. During the war. when we had continuous sessions of Congress, we could not get into the office rooms to do much work of any kind. A little over a year ago the House Office Building Commission authorized a pro-

gram, on which we started, of painting the rooms as fast as we could get into them. For instance, a Member would go away for a few days, and we would go in and paint the office. In carrying out that program it was understood that it would be done outside of the annual estimates for the general maintenance of the building; so that in our present situation we have a deficiency for this fiscal year of $16,735 for painting. We estimate that this $16,735 carries the work to the 1st day of January, and we have figured the cost of painting to te 1st day of next July at $7,800. In other words, for this year the estimated cost of painting is $24,735.

The next item is for painting gratings, railings, window guards, etc., on the New Jersey Avenue and First Street sides of the building, which was not estimated for in the last annual maintenance estimates. The House Office Building is surrounded on three sides by iron gratings that cover areas that front on three sides of the building. This year we found that they were in very bad shape. We are compelled to take them off to paint them. They have to be removed in order that the work may be thoroughly done. They must be painted on the underside as well as on the upper side. We have estimated that cost, outside of the maintenance charge, at $1,000.

MAIL CHUTES.

The next item is for the mail chutes. When the office building was first constructed, we went into the market and got bids on mail chutes. At that time there were three or four manufacturers of mail chutes, and we accepted the cheapest bid. We put in a set of mail chutes that looked to be all right, but in service they proved to be very unsatisfactory. The mail was continually hanging up in the chutes.

The CHAIRMAN. Do you mean those chutes along the sides of the walls where the Members drop their mail?

Mr. WOODS. Yes, sir. We had, in addition to those chutes, package chutes, and they gave no trouble at all. The other chutes, however, were very unsatisfactory. The letter mail would get caught on the side of the chute, requiring the removal of the whole front of the chute in order to get it out. Therefore the House Office Building Commission decided that we should change those chutes and put in new ones. We made a contract with the Cutler Mail Chute Co., which appeared to be the most reliable company manufacturing chutes, for the type of chute that has been adopted, used, and approved by the Post Office Department. That item is $7,850, for which we are asking a deficiency.

The CHAIRMAN. You have already let the contract?

Mr. WOODS. Yes, sir; and the chutes have been installed.

INSTALLATION OF NEW LIGHTING SYSTEM.

The question of lighting the building was taken up during this fiscal year. The lighting system, chandeliers, etc., installed at the time of opening the building were the best of the kind at that time, but they proved to be inefficient in the developments and modern progress in electrical matters. The House Office Building Commis-

sion authorized the renewing of those fixtures, and fixtures of a more modern type have been installed.

The CHAIRMAN. What was their authority to do that?

Mr. SISSON. I think they have pretty full authority, but I think the statute might be consulted at this point.

Mr. WOODS. The act creating the House Office Building Commission imposed upon them the duty of general supervision of all matters connected with the House Office Building.

Mr. SISSON. The question asked by the chairman was as to the extent of the authority of the commission, or whether it went so far as to authorize them to take down old fixtures and put up entirely new ones. Of course the repair of fixtures would come within their power, but it is a question whether the change of the whole installation might not be new work, and the question of the chairman was whether they require a special authority for that or not.

The CHAIRMAN. The work has been done?

Mr. WOODS. Yes, sir.

Mr. SISSON. Has it been paid for?

Mr. WOODS. Yes, sir; they were paid for out of the current appropriation, but that created a deficiency.

Mr. SISSON. Did you put the fixtures in with your own labor?

Mr. WOODS. No, sir; they were put in under contract.

Mr. SISSON. And the whole bill is $7,223?

Mr. WOODS. Yes, sir.

GENERAL RECONSTRUCTION WORK IN BASEMENT AND CELLAR.

I have also an estimate for general reconstruction work in the basement and cellar story of the building amounting to $2,500; also for wire partitions in connection with the shops and storerooms, for partitions in the room of the Committee on the Post Office and Post Roads, and for repairing the electrical conveyor which operates from the kitchen in the cellar to the café above. Then, there is another item for awnings on the court side of the building. Last year we got permission from the committee to put some new awnings on frames on the exterior of the building, and we repaired those on the court side of the building. This year we must get them ready before the spring months, or by the 1st day of May. They are needed, and it is impossible to get along another season without them.

The general reconstruction work in the basement story comprises these items: General reconstruction work in basement and cellar story of the building, $2,500, and wire partitions for shops and storerooms, 2,850. I will take up those two items first. The general reconstruction work is due to the fact that we are occupying now the cellar story of the building, directly under the post office section, for the shops connected with the building. Hitherto the shops have been separated in various parts of the building. By putting in some waterproof floors and by installing some wire screens we can bring all the shops together and can have nearly every function of the building concentrated there, as well as the materials and supplies, so as to keep better track of them.

The fire-alarm box was put in a short time ago at the earnest request of the fire marshal of the District, acting through the commissioners of the District. They suggested it, and I think it was a

good suggestion. We have this fire-alarm box at the main entrance of the building.

The CHAIRMAN. I think that is a good thing.

PARTITIONS AND CASES IN POST OFFICE AND POST ROADS COMMITTEE ROOM.

Mr. WOODS. With reference to the item for partitions and cases in the room of the Post Office and Post Roads Committee, when the Appropriations Committee was enlarged and additional rooms were required, the Committee on Post Offices and Post Roads was moved to the House Office Building. In order to accommodate them there, we gave them room, and we were compelled to put in partitions and furnish them with cases. They went into the room formerly known as the majority room. That room was not at that time fitted up for office purposes, so this work was done to provide proper accommodations for the committee.

The CHAIRMAN. That covers the items, does it not?

Mr. WOODS. Yes, sir.

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